

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Telecommunications Relay Services and	)	CG Docket No. 03-123
Speech-to-Speech Services for	)	
Individuals with Hearing and Speech	)	
Disabilities	)	
	)	
Structure and Practices of the Video Relay	)	CG Docket No. 10-51
Service Program	)	

**Interstate Telecommunications Relay Services Fund**

**Payment Formula and Fund Size Estimate**

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April 30, 2018

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**Payment Formula and Fund Size Estimate  
Interstate Telecommunications Relay Services (TRS) Fund  
For July 2018 through June 2019**

**I. Introduction**

Rolka Loube Associates LLC (RL), as Interstate Telecommunications Relay Services (TRS) Fund Administrator (the Administrator), herein submits proposed compensation rates, demand projections, projected fund size and proposed carrier contribution factor for the period July 2018 through June 2019, in accordance with section 64.604 of the Federal Communications Commission's (FCC or Commission) rules.<sup>1</sup>

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<sup>1</sup> 47 C.F.R. §64.604 (c)(5)(iii)(H).

In accordance with the Commission 2007 *Cost Recovery Order*,<sup>2</sup> the Administrator has used the Multi-state Average Rate Structure (MARS) methodology, based on the weighted average of competitively bid state rates, to propose compensation rates for interstate traditional TRS, interstate Speech-to-Speech (STS), interstate Captioned Telephone Service (CTS), and Internet Protocol Captioned Telephone Service (IP CTS).<sup>3</sup>

The IP Relay compensation rate is subject to a price cap methodology. The 2016-17 Fund Year was the base year for the current three-year price cap cycle ending with the Fund year 2018-2019. The current reimbursement rate is \$1.335 per minute<sup>4</sup>.

The Commission currently sets the IP CTS compensation rate based on the same MARS plan methodology used for the interstate CTS compensation rate, i.e., based on the weighted average of the per-minute compensation rates paid by state TRS programs to providers of intrastate CTS for the prior calendar year.<sup>5</sup> In the 2017 TRS Rate Filing, RL analyzed eight options for determining the reimbursement of IP CTS minutes. The Commission found that because of its open rulemaking on IP CTS compensation methodology, it would be premature to select one of the recommendations. As of the date of this filing, the Commission has not yet adopted a decision in the IP CTS rulemaking regarding a change in compensation methodology for this service. Therefore, this filing will continue to apply the MARS methodology to determine the reimbursement rate, the Fund requirements and the contribution factor, but will once again supplement the record

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<sup>2</sup> Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03-123, Report and Order and Declaratory Ruling, 22 FCC Rcd. 20140 (2007) (Cost Recovery Order)

<sup>3</sup> Currently, Internet Protocol services and Video services are only offered as interstate services.

<sup>4</sup> See: DA 17-642, Rel. June 30, 2017.

<sup>5</sup> 2007 TRS Compensation Methodology Order, 22 FCC Rcd at 20149-50, 20153-58, paras. 16, 26-38.

regarding IP CTS costs and advance recommendations that recognize the discrepancies between the MARS based CTS and IP CTS services and propose new and alternative rates and structures for IP CTS.

Per the Report and Order and Order<sup>6</sup> the Commission determined that maintaining a tiered Video Relay Service (VRS) rate structure for the next four years was the best alternative structure under consideration, and indicated that the VRS compensation rate structure would be revisited as necessary, in light of future developments.

The Commission adopted a proposal to add an emergent rate to the tiered rate structure, effective from July 1, 2017 through June 30, 2021, applicable solely to providers that have no more than 500,000 total monthly minutes as of July 1, 2017. In order to maintain incentives for growth and avoid subjecting emergent providers to a sudden drop in the rate applicable to all their minutes when they reach 500,000 minutes, the Commission determined that providers who are initially subject to the emergent rate and who then generate monthly minutes exceeding 500,000 minutes per month continue to be compensated at the otherwise applicable emergent rate (rather than the Tier I rate) for their first 500,000 monthly minutes, until the end of the four year rate plan, i.e. until June 30, 2021. Such providers shall be compensated at the otherwise applicable Tier I rate for monthly minutes between 500,000 and 1 million. The emergent provider rate adopted by the Commission is \$5.29 per minute for each of the four years of the plan.

The Commission expanded the then existing tier boundaries as follows. Tier I was expanded to 1,000,000 minutes, in order to ensure that the “emergent” providers,

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<sup>6</sup> See: FCC 17-86 Rel. July 6, 2017.

including any new entrants, as they grow large enough to leave the “emergent” category, will be subject to a rate that reflects their size and likely cost structure. Tier I, which also applies to the first 1,000,000 minutes of each larger provider, allows the Commission to set a rate that is high enough to ensure that each provider is able to cover its relatively fixed, and variable costs.

Tier II, which applies to the minutes of all providers in excess of the 1,000,000 minutes threshold up to the 2,500,000 minutes ceiling, enabled the Commission to set a rate that is appropriately lower than the Tier I rate, but higher than the rate for Tier III. Only the largest provider will be subject to the Tier III rate. That provider’s per-minute costs are far lower than any other provider’s costs. The Tier II rate is set low enough to ensure that providers with more than 1,000,000 minutes are not compensated far in excess of their allowable costs, but high enough to ensure that such providers have an incentive to continue providing additional minutes of service. By increasing the upper boundaries of Tier I and Tier II, the Commission limited the risk of eroding a provider’s incentive to continue growing its monthly minutes as they approach a tier boundary. The lower Tier III rate, in turn, will appropriately approach the marginal cost for the largest, lowest-cost provider.

The Commission further concluded with respect to the frequency of making rate adjustments that there was a lack of support for continuing the six month adjustments previously implemented and adopted the administratively simpler approach of having rate adjustments occur annually over the next four-year rate period ending June 30, 2021.

The Administrator projects a net fund cash requirement for Fund Year 2018-2019 of \$1,622,023,716.

Calendar year 2017 interstate and international end user revenues estimated by the Data Collection Agent (“DCA”) were still being gathered and compiled from reporting entities when this recommendation was prepared for submission. The revenue estimate contains placeholders for reports which are not deemed late until after the due date for this Annual Report. We recommend that the Commission use the current best available 499A information from the DCA to calculate the contribution factor when it becomes available. Our current recommendation has been calculated using the latest information available at the time of this submission. The best available estimated annual 2017 revenues are \$53,467,309,359, which is approximately 7.5% below the level used for the current program year. The contribution factor for the 2018-2019 Fund year, derived from the ratio of estimated fund size to prior calendar year revenues, is proposed to be 0.03034<sup>7</sup>. Upon approval by the Commission, the Fund Administrator will begin billing carriers for the 2018 – 2019 funding period in July 2018.

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<sup>7</sup> The 2017-2018 revenue requirements were \$1,317,452,029 and the corresponding contribution factor was 0.02285. The recommendation for 2018-2019 is a revenue increase of \$304,757,819 and a contribution factor increase of 0.00749.

## II. Interstate TRS Fund Overview

The Interstate TRS Fund (TRS Fund) is designed to compensate eligible relay service providers<sup>8</sup> for the reasonable costs of furnishing “[t]elephone transmission services that provide the ability for an individual who has a hearing or speech disability to engage in communications by wire or radio with a hearing individual in a manner that is functionally equivalent to the ability of an individual who does not have a hearing or speech disability to communicate using voice communications services by wire or radio.”<sup>9</sup>

Services that are currently compensated from the TRS Fund include interstate traditional TRS, interstate captioned telephone service (CTS), interstate speech-to-speech (STS), video relay service (VRS), Internet Protocol (IP) Relay service, and Internet Protocol Captioned Telephone Service (IP CTS). The Administrator reimburses providers at compensation rates computed by the Administrator in accordance with Commission rules, and approved or modified by the Commission. In 2007 the Commission’s *Cost Recovery Order* adopted methodologies for establishing the reimbursement rates for the various relay services.<sup>10</sup> In June 2008 the Commission also

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<sup>8</sup> Eligible providers are defined as (1) TRS facilities operated under contract with and/or by certified state TRS programs pursuant to 47 C.F.R. §64.604; or (2) TRS facilities owned by or operated under contract with a common carrier providing interstate services pursuant to 47 C.F.R. §64.604; or (3) interstate common carriers offering TRS pursuant to 47 C.F.R. §64.604; or (4) Video Relay Service (VRS) and Internet Protocol (IP) Relay providers certified by the Commission pursuant to 47 C.F.R. § 64.606.

<sup>9</sup> 47 C.F.R. 64.601(21) Definition of Telecommunications Relay Services.

<sup>10</sup> The methodologies included price caps for IP Relay and a tiered rate structure for VRS. The Commission set IP Relay and VRS rates for a period of 3 years and confirmed that the initial year for the applicability of the rates was the 2007-2008 fund year. The initial three year period for the IP and VRS methodologies sunset as of June 30, 2010. See *Cost Recovery Order* ¶¶ 97, 107-108. In the *2010 Rate Order* the Commission initiated a new 3-year cycle for IP Relay rates and adopted interim, one-year rates for VRS, for effect while the Commission considered broad reform. In the *2013 Rate Order* the Commission initiated another 3-year cycle for IP Relay rates. In the 2013 VRS Reform Order the Commission established new VRS tiers and set rates in six month increments through June 2017. In December 2014 the Commission revised the reimbursement rate applicable to IP Relay service retroactive



authorized providers' reimbursement for costs associated with implementation of 10-digit numbering and E-911 compliance for relay services.<sup>11</sup> In the *2010 Rate Order* the Commission approved the Administrator's proposal to include the costs associated with ongoing maintenance of 10-digit numbering and E-911 compliance for relay services as a per-minute additive to the relay service reimbursement rate base year calculation. The Bureau's Order of June 28, 2010 adopted this methodology for the current and future fund years.<sup>12</sup>

In 2013 the Commission adopted a VRS Reform Order, referenced above, which included provision for the establishment of a VRS User Registration Database (VRS URD). Each VRS service provider is required to register each of their existing users with the database administrator. The database administrator validates the user identity prior to including the user in the VRS URD. RL was chosen by the FCC to develop and administer the registration database. The database was declared to be available for existing user identification as of December 29, 2017<sup>13</sup>. However the VRS URD was not ready to accept registration information for hearing (point-to-point) video users, nor were providers required to identify or register public and enterprise videophones, or users of such devices since those matters were being addressed in a separate proceeding.

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to November 14, 2014 through June 30, 2015 on an emergency interim basis. *See Order* DA 14-1889 Rel. Dec. 29, 2014.

<sup>11</sup> Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03-123; E911 Requirements for IP-Enabled Service Providers, WC Docket No. 05-196, Report and Order and Further Notice of Proposed Rulemaking, 23 FCC Rcd 11591 (2008) (TRS Numbering Order) at ¶¶ 96-101

<sup>12</sup> 2010 Rate Order at ¶ 25

<sup>13</sup> See Public Notice DA 17-1246 Rel. December 29, 2017; DA 18-196 Rel. February 28, 2018; and DA 18-324 Rel. March 30, 2018.

This Annual report incorporates the costs reported by VRS and IP CTS service providers as part of their incurred costs for calendar years 2016 and 2017 as well as any amounts projected for 2018 and 2019.

The Commission's shared funding mechanism for the TRS Fund ensures that the costs of meeting relay service obligations are borne equitably. Interstate telecommunications common carriers contribute to the TRS Fund on the basis of their relative share of interstate and international end user revenues.<sup>14</sup> The TRS funding period commences on July 1 and ends June 30 of the following calendar year. For the July 2018 to June 2019 fund year, the Administrator will use the carriers' 2017 interstate and international end user revenues<sup>15</sup> as the basis for calculating carriers' contribution obligations. The contribution base has become smaller each year and the reductions to the contribution base are shown in the following table 1. Rolka Loube has anticipated a 7.5% reduction in the contribution base for the program year beginning July 1, 2018 for a contribution base of \$53,467 million.

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<sup>14</sup> See 47 C.F.R. §64.604(c)(5)(iii)(A)-(C). Every carrier providing interstate telecommunications services (including interconnected VoIP service providers pursuant to §64.601(b)) and every provider of non-interconnected VoIP service shall contribute to the TRS Fund on the basis of interstate end-user revenues as described herein. Contributions shall be made by all carriers who provide interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communications service (PCS), access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international and resale services.

<sup>15</sup> Revenues are reported on the Telecommunications Reporting Worksheet, FCC Form 499-A, on April 1, 2018, and provided to the Administrator by the Universal Service Administrative Company (USAC), the Revenue Data Collection Agent (DCA). At the time of preparation of this filing the information from the DCA is considered preliminary and updated data will be used for the calculation of carrier contributions.

**Table 1 DCA Reported Contribution Base**

<b>Program Year beginning</b>	<b>Contribution Base</b>
2004	\$ 81,954,191,761
2005	\$ 80,666,621,324
2006	\$ 80,457,972,602
2007	\$ 77,898,078,806
2008	\$ 79,428,092,243
2009	\$ 78,895,806,171
2010	\$ 72,844,997,816
2011	\$ 69,450,220,823
2012	\$ 67,206,226,973
2013	\$ 67,278,109,560
2014	\$ 65,234,609,107
2015	\$ 64,129,341,109
2016	\$ 61,424,575,348
2017	\$ 58,034,785,511
2018	\$ 53,467,309,359

The Data Collection Agent (“DCA”) also provides updates to the data reported by Carriers’ throughout the program year to reflect a variety of changed contributor circumstances such as out of business, no telecommunications revenues, bankruptcies, mergers and acquisitions. The contribution base changes from year to year and also changes over the course of the program year. Changes to the contribution base reported to the TRS Administrator by the DCA during the current program year have reduced the available funding level by approximately \$5.3 million.<sup>16</sup> This erosion of funding is one of the factors considered when estimating the size of a two month budgetary reserve allowance and is not a specific item included in the net funding requirements.

Carriers report their prior calendar year telecommunications revenues annually on the FCC Form 499-A, Telecommunications Reporting Worksheet, due on April 1, to the

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<sup>16</sup> See Exhibit 4.  $(\$58,034,785,511 - \$57,804,889,527.77) * 0.02289 = \$5,262,319.06$ .

Data Collection Agent (DCA). The DCA provides the Interstate TRS Fund Administrator with the carrier revenue information used to calculate the contribution factor and maintains the carrier database for all funds. Revisions to FCC Form 499-A revenue data are provided by the DCA to the TRS Fund and other program managers so that corrections may be made to carrier billing. Revisions may be telecommunications service provider initiated or may be the result of an audit. The first edition of the reported 2017 499A submissions is provided to the TRS Administrator on or about April 25<sup>th</sup>. Each subsequent month USAC will provide updated information, to include information received from contributors that did not file by April 1<sup>st</sup>. There are substantial adjustments to the contribution base derived from the first edition of the reported 2017 499A submissions through the first several months of the program year, followed by fewer and smaller adjustments as yearend approaches.<sup>17</sup> The TRS Fund Administrator anticipates submitting an updated contribution factor recommendation to the Commission for consideration in response to the Public Notice regarding this submission.

All Form 499-A filers providing interstate and/or international telecommunications services, with the exception of shared tenant service providers, are required to contribute to the interstate TRS fund. Shared tenant services for example do not contribute to the TRS Fund because it appears that the Third Report and Order in CC Docket No. 90-571 restricted TRS to only “common carriers” and not all carriers. The contribution base is formulated using the sum of 12 months interstate and international end user revenues, less interstate and international revenues from resellers who do not

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<sup>17</sup> See Exhibit 4 regarding changes reported during the current program year.

contribute to Universal Service (Line 514 - Net TRS Contribution Base Revenues), as submitted via the FCC Form 499A, Telecommunications Reporting Worksheet.

Upon approval of the contribution factor by the Commission, the Administrator will promptly bill carriers for the 2018 – 2019 funding period which begins July 2018. Annual contributions will be due within 28 days after their July invoice date. Carriers whose contributions are \$1,200 or more, will have the option to be invoiced in twelve equal monthly installments. Invoices will be due four weeks after the issue date of the monthly invoice. RL has assigned each monthly contributor to one of several monthly invoice cycles and issues approximately one third of the monthly invoices on the first three Fridays of each month. RL expects to begin issuing invoices for the 2018-2019 program year on or about Friday, July 13, 2018, and therefore receipts associated with those invoices will begin to arrive in mid-August. This lag in the receipt of revenues is not currently accounted for because RL issues Invoices on a continuous basis and there has not been a material change in the level of the contribution factor which has an impact on cash flow.

Per minute compensation rates will be effective for minutes of service beginning July 1<sup>st</sup>, assuming approval of the proposed rates by the Commission. Timely submitted provider requests for reimbursement must be processed within two months<sup>18</sup> following the submission of the request for reimbursement. The Administrator has been able to process reimbursement submissions in less than 30 days. For example, minutes handled by providers in May 2018 are expected to be reported between June 10 and 15, 2018, and providers will then receive compensation for those minutes, at the rates in effect at the

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<sup>18</sup> See 47 C.F.R. 64.604(C)(5)(iii)(L)

time service was provided, on or about July 6, 2018.<sup>19</sup> This lag between the provision of services and the issuance of payments is reflected in the demand and cash flow projections.

### **III. TRS Rate Development**

#### **MARS**

The *Cost Recovery Order* adopted the Multi-state Average Rate Structure (MARS) plan as the basis for calculating the compensation rate for interstate traditional TRS, interstate Speech-to-Speech (STS), interstate Captioned Telephone Service (CTS) and Internet Protocol Captioned Telephone Service (IP CTS).<sup>20</sup> The Administrator will calculate annually one combined MARS rate for interstate TRS and STS based on the weighted average of state rates for TRS and STS and a separate MARS rate for interstate CTS and IP CTS based on the weighted average of state rates for CTS.<sup>21</sup> When the MARS mechanism was adopted, the Commission determined that because there was a lack of data for IP CTS, it would be reimbursed at the same rate as CTS.<sup>22</sup> The TRS Fund Administrator has been requesting and compiling data on IP CTS costs, consistent with the annual provider data requests for IP Relay and VRS services, since 2011. RL has been reporting the provider reported IP CTS weighted average costs to the FCC in the Annual Report in anticipation of a Commission action which would establish a new basis for the calculation of the IP CTS reimbursement rate.

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<sup>19</sup> See Exhibit 3 Anticipated Reporting and Disbursement Schedule. The reporting and disbursement schedule is subject to modification based on exogenous circumstances.

<sup>20</sup> Cost Recovery Order at ¶ 16.

<sup>21</sup> *Id.*

<sup>22</sup> See FCC 07-186, para 38.

The Commission identified the steps to be used by the Administrator to determine MARS-based compensation rates.<sup>23</sup> The Administrator must first collect intrastate traditional TRS, STS, and CTS compensation rate data for the prior calendar year. Accordingly, the Administrator requested the following information from each state TRS administrator, and each provider, of interstate traditional TRS, STS and CTS for calendar year 2017 in January 2018, and requested that it be provided no later than the end of February 2018.<sup>24</sup>

- a. the per-minute compensation rate for intrastate TRS and STS
- b. the per-minute compensation rate for intrastate CTS
- c. whether the rate applies to session or conversation minutes
- d. the number of intrastate session minutes for TRS and STS
- e. the number of intrastate session minutes for CTS
- f. the number of intrastate conversation minutes for TRS and STS
- g. the number of intrastate conversation minutes for CTS
- h. any amounts paid by the state to the provider for relay service during the previous calendar year that are not included in the contractual per-minute compensation rate.

The Administrator must determine whether there are anomalies in any state's data that will necessitate it being excluded from the MARS calculation;<sup>25</sup> calculate each state's total dollars paid for the year for intrastate traditional TRS, STS, and CTS services; and calculate the final rate by dividing the total dollars paid by all states by the total conversation minutes of all states for TRS and STS. The process is repeated for CTS.

#### **A. Traditional TRS and STS Formula Development**

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<sup>23</sup> Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03-123; Structure and Practices of the Video Relay Service Program, CG Docket No. 10-51, FCC 11-104, Rel. June 30, 2011 at ¶¶ 9-18.

<sup>24</sup> The Annual Data Collection Form is included at Appendix A.

<sup>25</sup> For example, if there were no state TRS Fund and the cost of providing Relay services were recovered by the service provider based on each LEC's proportionate share of subscriber lines in the state, MARS like data would not be available and thus, would be excluded from the MARS computation.

From the data collected and follow up discussions with the state contacts, the Administrator found, that Maine, provides all three services under a flat monthly contract rate, and does not have data that can be used for MARS calculation purposes. Eight jurisdictions<sup>26</sup> (up from last year's five states) provide service based on a flat rate for the service rather than on a per-minute rate, due to the small volume of minutes for the services in those jurisdictions. Costs recovered on a flat rate basis are included in the MARS calculation as state additional costs paid to providers. The conversation minutes of flat rate states have been included in the calculation. For the remaining states, the District of Columbia, and Puerto Rico, the Administrator multiplied each jurisdiction's TRS and STS rate by the corresponding number of intrastate session minutes or intrastate conversation minutes, whichever the jurisdiction's rate was based upon.<sup>27</sup> For those states experiencing a mid-year rate change, the calculation was performed for each rate and corresponding service period. The calculation was made for each jurisdiction and the resulting weighted dollar amounts summed to produce a total dollar amount for each service. The Administrator added to the weighted dollar total any additional amounts paid by the states to the relay service provider(s) during the applicable period that were not included in the contractual per-minute compensation rate, but were applicable to the provision of relay service.<sup>28</sup> As a final step, the Administrator divided the resulting total weighted dollar and supplemental payment amount by the total number of intrastate TRS and STS conversation minutes.<sup>29</sup> The results of this calculation can be found in Exhibit

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<sup>26</sup> Connecticut, Delaware, Hawaii, Illinois, North Carolina, North Dakota, South Carolina, and Rhode Island .

<sup>27</sup> *Id.* at ¶ 30

<sup>28</sup> *Id.* at ¶ 31

<sup>29</sup> *Id.*



1-1. Exhibit 1-1 displays the array of rates reported by the individual state jurisdictions, in ascending rate order. It does not identify the states in deference to provider requests for confidentiality.

RL requests that the Commission authorize future reports to identify the rates and demand by state, unless the reporting state asserts a claim of confidentiality regarding its compensation rates. Alternatively, RL can be authorized to file a confidential version with the Commission which identifies the respective state rates and demand.

The total dollar amount paid out for intrastate TRS and STS during calendar year 2017, including the amounts paid to relay providers, which was not included in the per-minute compensation rate, amounted to \$20,427,063. The total conversation minutes for intrastate TRS and STS for calendar year 2017 were 6,267,585. The proposed compensation rate is developed by dividing the total 2017 intrastate dollar amount by the total 2017 intrastate conversation minutes, resulting in a proposed MARS rate of \$3.2592 per conversation minute for interstate traditional TRS for the 2018 – 2019 funding period. The proposed rate is approximately 11.7% above the 2017 – 2018 MARS calculation of \$2.9186 per conversation minute.

In the *Cost Recovery Order*, the Commission provided an additional amount of \$1.131 to the 2007-2008 interstate STS compensation rate to be used by the providers for outreach efforts.<sup>30</sup> In the ensuing Fund years, the Commission has found it appropriate to continue the outreach additive at the same level.

The Administrator continues to recommend adding the \$1.131 to the MARS-based STS rate resulting in a total proposed STS rate of \$4.3902 per minute; an increase

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<sup>30</sup> *Id.* at ¶¶ 57, 61

of \$0.3406 from the \$4.0496 per minute rate for the 2017-2018 Fund year<sup>31</sup>. However, the Administrator notes that the demand for STS continues to be small compared to the other services. It is not clear that the outreach additive, projected to be approximately \$186,116 ( $\$1.131 * 164,559 \text{ minutes} = \$186,116$ ) across both service providers when applied to the per-minute rate is having the desired result.

## **B. CTS**

The proposed MARS CTS rate was calculated by following the same steps described above but substituting CTS related data for the TRS and STS data. Data for Maine was excluded because the state compensated its relay providers with a flat rate mechanism that combined TRS, STS, and CTS in 2017. The results of this calculation can be found in Exhibit 1-2. Exhibit 1-2 summarizes the data provided by the individual state jurisdictions. The MARS CTS rate is also used to establish the rate used to compensate providers for IP CTS.<sup>32</sup>

The total dollars for intrastate CTS, including the amounts paid to relay providers not included in the compensation rate, declined 12% from \$34,468,287 for calendar year 2016 to \$30,277,482 for calendar year 2017. The total conversation minutes for intrastate CTS also declined 26.6% from 20,606,230 for calendar year 2016 to 15,133,253 for calendar year 2017. The total 2017 intrastate dollars divided by 2017 intrastate CTS minutes equals a calculated compensation rate of \$2.0007 per conversation minute for interstate CTS and IP CTS for the 2018 – 2019 funding period.

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<sup>31</sup> At its April 2018 meeting, the Interstate TRS Advisory Council was informed of the Administrator's intent to recommend that \$1.131 per minute of extra funding for speech to speech outreach purposes be maintained.

<sup>32</sup> Cost Recovery Order at ¶ 38.

The proposed MARS CTS rate of \$2.0007 represents a modest \$0.0540 or approximately 3% increase from the 2017–2018 rate of 1.9467. The associated fund revenue requirement at this reimbursement rate level based on decreasing provider projected demand will be \$7,761,061 in program year 2018-2019, a decrease of \$906,375 from the amount projected for the program year ending June 30, 2018.

### **C. IP CTS**

The MARS order found IP CTS to be a new service, without a cost history, and stated that the Commission believed that the cost recovery rate for CTS will more accurately reflect the reasonable actual costs of providing IP CTS. As a result the Commission directed IP CTS to be compensated at the CTS MARS rate.<sup>33</sup>

To address the lack of cost data history, RL began collecting and reporting IP CTS cost and demand data to the Commission in the Annual Report. The RL 2017 Annual Data Collection form requested historic cost data regarding the provision of IP CTS in calendar years 2016 and 2017 as well as projected costs for 2018 and 2019 based on the cost categories reported by service providers for IP Relay services and for VRS services. The results of analysis of that IP CTS data are found in Exhibit 1-3. Exhibit 1-3 contains information compiled by the Administrator from annual cost data supplied by IP CTS service providers for the annual periods 2011 through and including 2017, as well as the current projected costs for both 2018 and 2019. This Exhibit demonstrates that the MARS rate for IP CTS, with the exception of 2011, the first year of data collection, and 2013, the year in which the Commission proposed limitations on the growth of demand which were overturned by the DC Circuit Court, is consistently well above the reported

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<sup>33</sup> See FCC 07-186 para.38.

level of provider reported costs for the period. Based on the number of reported minutes of service, IP CTS has become the most popular TRS service. Due to the continuing growth in demand for IP CTS service and the apparent lack of a correlation between the MARS CTS rate and the reported costs for IP CTS, the Administrator recommends that the Commission finalize a rule modification and establish an alternate mechanism for establishing the reimbursement rate for IP CTS services, with due consideration to the future quality and availability of the service that accounts for more than half of all provider reimbursements.

The MARS CTS rate of \$2.0007 represents a \$0.0540 or approximately 3% increase from the 2017 – 2018 rate of 1.9467. The associated IP CTS fund revenue requirement at this reimbursement rate level based on provider projected demand will be \$998,704,729 for program year 2018-2019 minutes, representing nearly 66% of all projected provider distributions for the year.<sup>34</sup>

Retaining the current MARS rate-making procedure is not recommended because it will provide excessive industry profits. As shown in redacted exhibit 1-3.1, these profits would be approximately \$347 million. Moreover, the \$2.0007 rate, is above the projected 2018 cost of the highest cost provider. Therefore the rate is allowing all of the providers to earn above the zone of reasonableness which the Commission established for VRS operating margins (7.6% - 12.35%). Because both industry profits and the profits of the highest cost provider are excessive, retaining the current procedure places an unreasonable burden on contributors to the fund.<sup>35</sup>

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<sup>34</sup> See Exhibit 2 for projected program year minutes and distributions by TRS Service..

<sup>35</sup> The Tariff year 2017-2018 IP-CTS fund requirements associated with each option is provided in Exhibit 1-3.

In response to an RL request, Sorenson submitted IP CTS costs both with and without a CaptionCall intellectual property cost recovery claim. In the VRS rulemaking proceeding Sorenson claimed that it should be entitled to compensation for the imputed value of its intellectual property used in providing VRS, because such property has a commensurate value to costs incurred by other TRS providers for licensing third-party intellectual property to provide TRS. The Commission found that the argument for recovery of the imputed value of a TRS provider's intellectual property appears to be a way of arguing that providers should be able to gain additional profit for what they have invested in R&D and rejected the claim.<sup>36</sup> The TRS Fund compensates providers for their reasonable expenses actually incurred to provide TRS, and does not compensate them for the imputed value of their own intellectual property. CaptionCall acknowledges that the intellectual property in question was created by CaptionCall itself, and states that it was transferred to an affiliate for safekeeping. Therefore the recommendation in this report will identify parallel licensing fees reportedly charged to CaptionCall by its affiliate as an unreasonable expense of providing IP CTS. The report, however, presents the cost data both with and without intellectual property cost claims.<sup>37</sup> The RL recommendations do not identify a legitimate basis for the fees and excludes those costs from its recommendations for IP CTS.

The providers can be divided into two groups: 1. Providers that directly employ communications assistants (CAs) and 2. Providers that sub-contract all or nearly all of the CA function. For providers that directly employ CAs, those employment costs are shown

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<sup>36</sup> See Report and Order and Order, CG Docket Nos. 10-51 & 03-123, FCC 17-86 Rel. July 6, 2017, paras 20-22.

<sup>37</sup> See Exhibit 1-3.1 and 1-3.1 Redacted.

in the “CA related” row of Exhibit 1-3. For providers that sub-contract the CA function, the CA related costs are reported in the “Other” row of Exhibit 1-3. In general, providers that employ CAs directly have lower costs than the providers that sub-contract the function.

The total industry average cost for IP-CTS service has decreased from \$2.0840 in 2011 to \$1.2435 in 2017 while the MARS CTS rate increased from \$1.7630 to \$1.9467 in 2017 over the same period, and will be \$2.0007 for 2018-2019. A major factor causing the difference in rates between the services is the very fast growth in the demand for IP-CTS which generates economies of scale for providers and the contrasting decrease in the demand for CTS service with the reverse effect. Approximately 15.1 million of state reported calendar year 2017 CTS conversation minutes are being used to establish the reimbursement rate for 521.3 million minutes of provider projected (July 2018 through June 2019) IP CTS demand. The demand for IP CTS service is approaching 35 times the level of demand for the service used as a proxy to establish its reimbursement rate!

The MARS based rate for IP CTS is \$2.007. The average cost based rate for the service, based on provider projected costs for 2018 and 2019, is approximately \$1.3223<sup>38</sup>. A 10% reduction, rather than a proxy based increase in the rate, when applied to the 2017-2018 IP CTS rate of \$1.9467, produces a rate of \$1.75 per minute. That rate is above the reported and projected costs of the highest cost 2018 provider, reporting more than a year of historic data. The 2019 high cost provider includes a large projected increase in CA related costs relative to the other providers. It is also substantially above the provider projected average cost for 2018-2019 of only \$1.3214 per minute. When

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<sup>38</sup> See Exhibit 1-3.

changing the mechanism for establishing VRS rates the Commission invoked a phased approach to the movement toward a cost based rate and supplemented the rate with consideration of a range of operating ratios rather than a return on investment. A ten percent reduction from the current rate level is consistent with the phased transition approach taken by the Commission in the VRS ratemaking proceeding while ensuring that the costs of even the highest cost provider are met.

IP-CTS costs can be disaggregated into projected average variable costs of \$0.9564 per minute and projected average fixed costs of \$0.3659 per minute. These amounts sum to the total average provider projected cost per minute for 2018-2019 of \$1.3223. The variable costs are related to the CA function, and the fixed costs include all other costs.<sup>39</sup> Both average variable and average fixed cost per minute have decreased over time. However, the decrease in the average variable costs is related to the relative shift in market share toward low-cost providers that directly employ CAs and away from high-cost providers that sub-contract the CA function. Average fixed costs per minute have decreased for the majority of the providers as the number of minutes served increased.

RL recommends that the Commission consider establishing an interim cost based rate of \$1.75 per minute, pending the outcome of the current rulemaking, and an interim cost based rate for IP-CTS providers using Automated Speech Recognition (“ASR”)

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<sup>39</sup> Some of the items included in fixed costs may vary with output but that variance is not directly proportional to output. For example, as output increases, facility and investment cost will increase, but that increase occurs in discrete steps and not proportionally with minutes.

technologies of \$0.49 per minute. The \$0.49 per-minute rate represents the slightly more than the fixed cost portion of a \$1.75 rate.<sup>40</sup>

RL also recommends that the Commission establish a rate for an Automated Speech Recognition (ASR) service program, available to ASR certified service providers. At least two entities<sup>41</sup> have requested certification from the FCC as authorized IP CTS service providers using ASR technologies. These entities are claiming substantially lower costs of service due in large part to the lack of CA involvement in the calls. Neither applicant has offered ASR cost of service or ASR demand projections. However, the analysis of provider historic and projected costs and the analysis of fixed and variable costs of certified providers provides a basis on which the Commission could establish an interim rate for an ASR service offering. The Commission has also announced that Mitre Corporation has conducted an assessment of ASR quality metrics and associated usability of Internet Protocol captioned telephone service and filed the results of two phases of its studies.<sup>42</sup> RL recommends that the ASR per minute rate be set at \$0.49 ( $\$1.75 - \$1.26 = 0.49$ ) per minute. Since there are no certified IP CTS providers currently using ASR, and no projected demand data available on which to estimate potential usage of ASR or potential service substitution between CA supported calls, it is premature to determine an impact on the fund revenue requirements or on the contribution factor for Fund Year 2018-2019, and thus no allowance has been made for an authorized ASR service offering

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<sup>40</sup>  $\$0.49 = \$1.75 * (0.3659 / 1.3223)$ , where \$0.3659 is the average fixed cost of IP-CTS service and \$1.3223 is the average total cost of IP-CTS service.

<sup>41</sup> See Internet-Based TRS Certification Application by VTCSecure, LLC at CG Docket No. 03-123 and Internet-Based TRS Certification Application by MACHINEGENIUS, Inc. at CG Docket No. 03-123.

<sup>42</sup> See: Public Notice DA 18-359 released April 11, 2018 regarding Mitre Corporation Assessments of quality metrics and associated usability of internet protocol captioned telephone service summaries of Phase 1 activities and Phase 2 results at CG Docket Nos 03-123 and 13-24.



in the budget recommendation. If ASR service were to become available the claim of the applicants suggests that it could save the Fund money, rather than increase the Fund requirements. If the Commission were to authorize ASR service as eligible for reimbursement, RL would closely monitor and report its impact on the Fund and make additional recommendations to the Commission as appropriate. Currently we have no information regarding the extent to which ASR might act as a substitute for existing IP CTS service, or as a supplement to the existing service.

The proposed contribution factor for the TRS Fund program year 2018-2019 does reflect the MARS based rate and does not reflect a cost based rate structure for IP CTS or an ASR interim rate. However, both a cost based IP CTS rate and an ASR rate recommendation are expected to mitigate Fund growth.

**D. IP Relay**

*[Due to the single provider offering this service cost information has been Redacted from this recommendation.]*

In the *Cost Recovery Order*, the Commission concluded that the MARS methodology is not appropriate for IP Relay, because there are no state rates for this service. Although it was believed that the costs of providing traditional TRS and IP Relay are generally similar – in many instances, for example, the same CAs, sitting at the same offices, handle both traditional and IP Relay calls – there was concern that the use of a MARS rate for IP Relay may result in the overcompensation of IP Relay providers.

The Commission adopted a cost recovery methodology for IP Relay based on price caps for a three year period beginning with the effective date of that Order.<sup>43</sup> The

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<sup>43</sup> *Id.* at ¶ 109.

*Cost Recovery Order* price cap plan for IP Relay applies three factors to a base rate – an Inflation Factor, an Efficiency (or “X”) Factor, and Exogenous Costs. The basic formula takes a base rate and multiplies it by a factor that reflects an increase due to inflation, offset by a decrease due to efficiencies. As a result the rate for a particular year would be equal to the rate for the previous year, reduced by 0 percent (i.e. Rate<sub>year Y</sub> = Rate<sub>year y-1</sub> (1-0.0)).<sup>44</sup>

The initial three year period ended on June 30, 2010 coincident with the end of the 2009-2010 Fund year. The second three year period ended on June 30, 2013, coincident with the end of the 2012-2013 Fund year. Over the course of the next three year cycle the number of service providers declined until Sprint became the only remaining service provider. When establishing the compensation rate for the 2014-2015 fund year, CBG reconsidered the rate mechanism on a retroactive basis to reflect the costs of the then two remaining providers (Purple and Sprint) rather than the five providers whose costs were reflected in the MARS submissions for the initial year of the period. The 2014-2015 rate Order set the inflation factor for the cycle at zero<sup>45</sup>. Because the efficiency factor, a factor that accounts for productivity gains, is set equal to the inflation factor, the efficiency factor also was set equal to zero, effectively freezing the rate, if there are no exogenous costs.

The Commission determined in 2013 that IP Relay outreach should be conducted through what is now called the National Outreach Program and that provider-specific outreach costs should no longer be included as compensable costs.<sup>46</sup> A temporary,

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<sup>44</sup> Id. at 10.

<sup>45</sup> DA 14-946, Rel. June 30, 2014 paragraphs 11-19.

<sup>46</sup> *VRS Reform Order*, 28 FCC Rcd at 8634-39, 8696, paras. 31-39, 192.

limited waiver of the prohibition on recovery of provider-directed outreach for Fund Year 2016-17 was granted to permit Sprint to recover the costs described in its ex parte filings for outreach activities and dedicated staff specifically targeted at outreach to the deaf-blind community. This waiver was extended through the 2017-2018 Fund year.<sup>47</sup> Sprint, as a condition of the waiver, was required to provide quarterly reports on its service improvements and outreach expenditures focused on the deaf-blind community in each quarter of Fund Year 2016-17 and 2017-2018.

Sprint as the only remaining IP Relay service provider is still required to report historical and projected costs to the Administrator on an annual basis. Reporting on the Sprint cost data at this point will reveal projected information considered to be confidential by Sprint. Additionally the cost based recommendation is usually based on the average of the two projected year's costs.

The three year price cap period ended June 30, 2016. In the 2016 TRS Rate Order the compensation rate was reset to \$1.30 as the base rate for a new three-year price cap period.<sup>48</sup> For the 2017-2018 Fund Year, with the efficiency factor set at 0 percent, application of the price cap formula resulted in a proposed rate equal to the \$1.30 per minute rate. However, in light of the deaf-blind outreach waiver previously granted, and because projected outreach expenditures had increased by \$0.035, the Bureau adopted RL's recommended add-on of \$0.035 to cover increased outreach costs, for a total compensation rate of \$1.335 for the 2017-2018 Fund Year.

In view of the relatively stable level of IP Relay demand Rolka Loubé recommends that the IP Relay continue to include the allowance for outreach activities at

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<sup>47</sup> DA 17-642, para 13.

<sup>48</sup> DA 16-750 Rel/ June 30,2016.

the rate of \$0.06 per minute to recognize the difference in outreach between calendar years 2016 and 2018. The Fund requirements and contribution factor recommendation include the recommended rate of \$1.36, as well as the provider projected demand.

#### **E. Video Relay Service**

On June 10, 2013 the Commission released a Report and Order and Further Notice of Proposed Rulemaking, herein referred to as the “VRS Reform Order” in which the Commission revised the Tier structure and established the VRS compensation rates that were to be used through June 30, 2017, unless otherwise set by further Commission Order.

In 2017, the Commission requested comment on the rate structure that would be in effect after June 30, 2017.<sup>49</sup> The Commission also provided for VRS improvements by authorizing trials of Skills-Based Routing and the use of Deaf-Interpreters, clarified the Speed of Answer requirements, and authorized a Pilot for At-Home VRS call handling. The Commission also initiated an inquiry regarding service quality metrics for VRS. Two service providers were approved for At-Home VRS call handling late in 2017.

The iTRS Advisory Council (“the Council”) recommended a four-year annual price changes for tiers I-III rather than the six-month rate decreases proposed in the FNPRM. The Council also recommended that the Emergent rate remain the same over the four-year period and that no subsidiary of a parent VRS provider will be eligible to take advantage of the emergent rate. Specifically, the Council recommended adoption of the four Tiers which were approved by the Commission in the *Report and Order*.

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<sup>49</sup> *Report and Order and Further Notice of Proposed Rulemaking*, CG Docket Nos. 10-51 & 03-123 Adopted June 7, 2013, Rel. June 10, 2013.

Additionally, the Council expressed concerned that, without compensation, the providers will have little interest in voluntarily trialing skills based routing, and recommended that providers be compensated for minutes during the trial at the Emergent rate, conditioned on the providers submitting a plan on how they will ensure that only the minutes associated with the trial be compensated at the higher rate.

The Commission established VRS reimbursement rates and the Tier structure in the Report and Order and Order (*Report and Order*) adopted and released July 6, 2017 at CG Docket No. 10-51 and 03-123 (FCC 17-86). The referenced Report and Order addressed Allowable Cost Categories; Capital Cost Recovery and Operating Margin, Rate Structure, the Tier structure and Tier levels and related compensation matters.

The tiers which became effective in July 2017 are shown in Table 2 below.

**Table 2: Reconfigured Rate Tiers for VRS Compensation  
2017 – 2021**

Tier Numbers	Previous Tier Definition (The range of a provider's monthly VRS minutes to which the Tier is applicable)	New Tier Definition (The range of a provider's monthly VRS minutes to which the Tier is applicable)
Emergent	0-500,000	0-500,000
I	0-500,000	0-1,000,000
II	500,000.1-1 million	1,000,001 – 2,500,000
III		Over 2,500,000

The progressive adjustment of rates for each tier is illustrated in Table 3 below, which shows the rates adopted for Fund years 2017-18, 2018-19, 2019-20, and 2020-21.

**Table 3: Rates Adopted for Fund Years 2017-18 through 2020-21**

Per FCC 17-86	2017-2018	2018-2019	2019-2020	2020-2021
Emergent service < 500,000 minutes/month	\$5.29	\$5.29	\$5.29	\$5.29
Tier I service up to 1,000,000 minutes/month	\$4.82	\$4.82	\$4.82	\$4.82
Tier II service over 1 million up to 2,500,000 minutes/month	\$3.97	\$3.97	\$3.97	\$3.97
Tier III service over 2,500,000 minutes/month	\$3.21	\$2.83	\$2.63	\$2.63

The rates established in the Report and Order are to be applied as scheduled to all VRS providers absent further action by the Commission.

Although the Commission has adopted a four year Tier and Rate plan Video Relay Service providers are required to report historical and projected costs to the Administrator on an annual basis. Following are the results of analyzing the cost data submitted by the Video Relay service providers.

For analysis purposes, the Administrator segregated the provider historical and projected costs into nine distinct categories for review:

- **Facilities**, those expenses associated with land and buildings, etc.;
- **Interpreter Expense**, the costs of the individuals performing the interpretive services;

- **Non-Interpreter Relay Center Expense**, other costs associated with the relay center including supervisory management, telecommunications expense, etc.;
- **Indirect Expense**, finance, human resources, legal expenses, executive compensation, etc.;
- **Depreciation Expense**, annual depreciation on facilities and equipment;
- **Marketing Expense**, the projected costs of advertising the provider's service;
- **Outreach Expense**, the projected costs of notifying consumers of service availability;
- **Other Expenses**, projected expenses not directly associated with one of the other expense categories; and
- **Capital Investment**, the investment in facilities, equipment, furniture, etc. associated with the relay center.

Data submitted by the providers in response to the Administrator's annual data request are shown below. The data is summed across the providers by category and then divided by annual VRS minutes.

**Table 4. VRS Service Provider Reported and Projected costs**

Category	2016	2017	2018	2019
Facilities	0.2085	0.1914	0.19323	0.1925
CA Related	1.3920	1.3833	1.5218	1.5601
Non-CA Relay Center	0.3338	0.3445	0.3238	0.3261
Indirect	0.5851	0.5538	0.5548	0.5494
Depreciation	0.0997	0.0826	0.0854	0.0842
Marketing	0.1450	0.1190	0.1195	0.1243
Other	0.0000	0.0000	0.0000	0.0000

Return on Investment	0.0346	0.0265	0.0274	.00264
Subtotal:	2.7986	2.7011	2.8259	2.8630
Outreach	0.0724	0.0649	0.0617	0.0643
Customer Premise Equipment	0.1526	0.1044	0.1576	0.1569
Total Cost	3.0236	2.8705	3.0453	3.0842
Total Cost excluding Outreach & CPE	2.7986	2.7011	2.8259	2.8630

The average cost of VRS service (excluding CPE and outreach) are projected to increase \$0.0946 from the two year average of \$2.7499 in the historical Fund Year<sup>50</sup> period to \$2.8445 in the projected Fund Year period. CA related expenditures for the same periods are projected to increase by \$0.1534 per minute from \$1.3876 to \$1.5410 per minute. Non-CA Relay Center related expenditures are projected to decrease slightly by \$0.0142 from \$0.3392 to \$0.3250 per minute.

#### **IV. Demand Projection Methodology**

In order to estimate the annual funding requirement and propose a contribution factor, an estimate of the interstate funding requirement for each of the services is required. The fund requirement equals the service rate multiplied by the service demand reimbursed during the program year, July through June. The Administrator has adjusted

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<sup>50</sup> Fund Year costs are the average of the two historic or projected years that are part of the program year that begins July and ends June.



the demand levels of the tariff year to reflect the two month difference between the provision of service and the reimbursement for that service. Providers of services being compensated using the MARS-based rate methodology, (i.e. traditional TRS, STS and CTS) are not required to submit demand projections.

In this report, as was done previously, historical demand was used to estimate the future demand for traditional interstate TRS, STS and CTS. Using the linear trend forecast capability of Microsoft Office Excel, the Administrator projected demand for the 2018– 2019 Fund year using actual data available to the Administrator at the time the filing is due to the Commission.<sup>51</sup> For each of these services, the Administrator projected demand and an estimated funding requirement based on the proposed compensation rates for the funding year. This approach has historically provided reasonably accurate results for these services.

The Administrator has historically used the forecasts submitted by the providers for IP Relay and VRS services and recommends them for use for the 2018 – 2019 funding year. This approach has historically provided reasonably accurate results for these services. The administrator applied the proposed IP Relay rate and as well as the proposed tiered VRS reimbursement rates to calculate the funding requirements for these services.

The IP CTS industry demand projection for the 2018-2019 funding year totals 501,212,040 minutes<sup>52</sup> a significant increase when compared to the projection for the 2017-2018 Fund year of 385,610,029 minutes.<sup>53</sup> The Administrator considers the

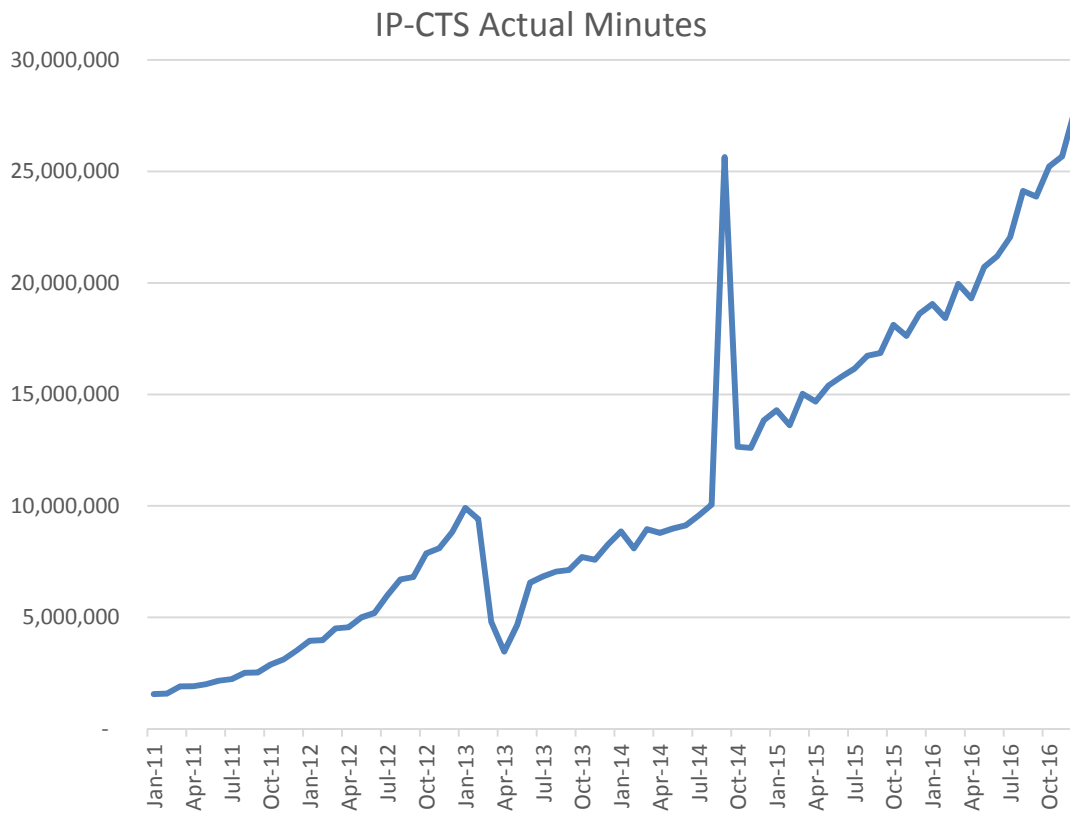
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<sup>51</sup> In most instances this embodies July 2014 through January 2018 minutes.

<sup>52</sup> May 2018 – April 2019.

<sup>53</sup> May 2017 – April 2018.

compilation of the industry demand forecast to be reasonably valid but consistently lower than reported actual monthly demand. The reported demand for the first ten months of the current program has reached 323,709,978.5 minutes, or 84% of the projected total for the period. Demand for IP CTS service continues to increase at an exponential rate.



IP CTS demand has been affected by a number of factors over the past few years; the most significant among those factors is the entry of an additional service provider, who aggressively expanded its market share over each of the past several years, the introduction of additional regulations, and litigation regarding those additional regulations. On August 26, 2013, the Commission adopted final rules on IP CTS. Under the final rules adopted by the Commission, among other things, providers who provide IP CTS equipment, software, and applications to consumers after September 30, 2013, at no

charge or for less than \$75, were prohibited from receiving compensation from the Fund for minutes of use generated by consumers using such equipment, software, or applications.<sup>54</sup>

The final rules maintain, with modifications, the requirements that IP CTS providers register each new IP CTS user and obtain a self-certification regarding the consumer's understanding of and need to use IP CTS.<sup>55</sup> In addition, providers must register and obtain certifications from all consumers who commenced service prior to adoption of the interim rules.<sup>56</sup> The final rule contained registration and certification requirements, however, those requirements did not take effect until after OMB had approved them.<sup>57</sup>

The \$75 equipment charge rule took effect on September 30, 2013.<sup>58</sup> As noted, however, on December 6, 2013, the court of appeals stayed this rule and on June 20, 2014 the Court issued an opinion vacating the interim rules in their entirety and vacating the \$75 equipment charge rule and default-off rule contained in the IP CTS Reform Order<sup>59</sup>. Following the Court decision, the providers requested payments for minutes that had been disallowed by the Commission's rules. Those payments were made in July 2014, causing the sharp peak in demand shown in the previous chart.

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<sup>54</sup> *IP CTS R&O*, 28 FCC Rcd at 13440-48, ¶¶ 41-59.

<sup>55</sup> *See id.* at 13421, ¶ 2, 13496-97, Appx. B, §§ 64.604(c)(9)(i), (iii). In addition to the information required by the interim rules, the final rules require providers, for example, to obtain from registrants the last four digits of the consumer's social security number and the consumer's self-certification that, to the best of the consumer's ability, persons who have not been registered to use Internet protocol captioned telephone service will not be permitted to make captioned telephone calls on the consumer's registered IP captioned telephone service or device. *Id.*

<sup>56</sup> *Id.* at 13450-55, ¶¶ 66-73, Appx. B, § 64.604(c)(9)(xi).

<sup>57</sup> *Id.* at 13492-93, ¶¶ 166-67.

<sup>58</sup> 78 FR at 53691 (announcing that final rule 64.606(c)(11)(i) shall be effective September 30, 2013).

<sup>59</sup> IP CTS Reform Order, FCC 13-118 Rel. 8/26/2013.

## **V. Additional Funding Requirements**

### **A. Video Relay Service Reforms**

For the past several years the recommendation has included an allowance for the various reform initiatives identified in the 2013 VRS Reform Order. Based on historical expenditure levels and the conclusion of the four year transition plan RL is recommending that the allowance be reduced to \$12.25 million, which is consistent with currently known and ongoing commitments.

### **B. iTRS Data Base Administration**

In the *TRS Numbering Order* the Commission adopted a system for assigning users of internet-based Telecommunications Relay Services (TRS), specifically for VRS and IP Relay, ten-digit telephone numbers linked to the North American Numbering Plan. In that *Order*, the Commission identified the types of costs that are compensable from the interstate TRS Fund.

The Commission authorized the TRS Fund Administrator to pay the reasonable costs of providing necessary services consistent with the *TRS Numbering Order* directly to the database administrator.<sup>60</sup>

The Administrator projects that the 2018-2019 Fund year compensation for the iTRS data base Administrator would be \$1,005,000 ( $\$83,750 * 12 = \$1,005,000$ ) based on the current reimbursement level. RLSA recommends this amount be included in the 2018-2019 Fund year.

### **C. Deaf-Blind Equipment Distribution Program**

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<sup>60</sup> TRS Numbering Order at 101

In its August 4, 2016 Order,<sup>61</sup> the Commission permanently established a National Deaf-Blind Equipment Distribution Program (“NDBEDP”) to certify and provide funding to entities in each state so that they can distribute specialized customer premises equipment (“CPE”) to low-income individuals who are deaf-blind.<sup>62</sup> Funding for this program has been established at \$10,000,000 per year beginning with the 2012 – 2013 Fund year. As such, \$10,000,000 has been included in the Interstate TRS Funding Requirement for the 2018-2018 Fund year.

#### D. TRS Fund Administrator Expenses

Beginning July 1, 2011 the Interstate TRS Fund Administrator became compensated based on a fixed price contract similar to that of the iTRS numbering Administrator. The contract for the 2018-2019 Fund year has not yet been confirmed. The projected TRS Fund Administrator expenses are \$2,400,000.

#### E. Revenue Data Collection Agent Expense

Prospectively, the Revenue Data Collection Agent (DCA) and its functions associated with processing the revenue information to determine TRS Fund contributors are to be separately identified from the TRS Fund Administrator’s costs. The DCA invoices the TRS Fund for 8% of Data Collection costs. For the 2018 – 2019 fund year, the DCA costs are projected to be \$88,800.

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<sup>61</sup> See: FCC 16-101 adopted August 4, 2016, Rel. August 5, 2016.

<sup>62</sup> *Implementation of the Twenty-First Century Communications and Video Accessibility Act of 2010, Section 105, Relay Services for Deaf-Blind Individuals*, Report and Order, CG Docket No. 10-210, Adopted April 4, 2011

#### F. Interstate TRS Advisory Council Expenses

Expenses incurred as a result of the Interstate TRS Advisory Council holding a minimum of two meetings annually as required by the Commission's rules<sup>63</sup> are now separately identified from the TRS Fund Administrator's expenses. For the 2018 – 2019 Fund year, these expenses are projected to be \$50,000.

#### G. Investment Expense

The Program Administrator has entered into a Non-Custody Investment Advisory Agreement in which the Investment Advisor will direct the investment, reinvestment and changes in the investment of the TRS Fund Account, manage the Qualified Investments and use its best efforts to invest all Escrow Funds in compliance with the FCC letter dated June 20, 2011 (DA 11-1069) regarding the Investment of Telecommunications Relay Service Funds. This Agreement will provide transparency to the costs associated with managing the investments of the Fund. Investment expenses for the 2018-2019 Fund year are estimated to be \$190,000.

#### H. Service Provider Audits

The TRS Fund Administrator's audit plan, applicable to service providers' compliance with the provisions of 47 C.F.R. 64.604 by independent audit firms, has to be approved by the Commission and initiated subject to competitive bid where applicable. The Administrator anticipates a funding requirement of \$1,000,000 for the audit of service providers during the 2018-2019 Fund year.

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<sup>63</sup> 47 C.F.R. § 64.604(c)(5)(iii)(H)

## I. IPERIA

In response to a directive from the FCC, the Administrator developed a plan to establish a baseline error rate for payment from the TRS Fund based on a Memorandum from the Office of Management and Budget (OMB) to Heads of Executive Agencies, *Issuance of revised Parts I and II to Appendix C of OMB Circular A-123 (April 14, 2011) and Part III to OMB Circular A-123, Appendix C*. The Administrator anticipates a funding requirement of \$45,000 for compliance with this directive to expand on the plan during the 2018-2019 fund year, and a funding requirement of \$205,000 to implement the testing provisions of the approved plan, for a total of \$250,000, which is in addition to the budget estimate for Service Provider audits.

## J. Bankruptcy Representation

During the 2011-2012 Fund year the Administrator found it necessary, with the prior approval of the Commission, to retain outside counsel to represent the interests of the Fund in various Bankruptcy proceedings. The Administrator anticipates a funding requirement of \$50,000 for legal representation, subject to Commission prior approval of such legal representation, in bankruptcy matters during the 2018-2019 fund year.

## K. Audit Expense

RL recommends that the 2018 – 2019 Fund year expenses include an allowance to conduct an independent audit of the TRS Fund separate from the independent audit of the FCC. The independent audit is competitively bid and is projected to be \$65,000.

## VI. Contribution Factor Calculation

As previously noted, reimbursement requests are to be processed within two months of receipt by the Administrator. Operationally, service provided in the month of

May will be reported to the Administrator in the month of June and paid in the month of July, the first month of the upcoming program year. Similarly service provided in the month of June will be reported in the month of July and paid in the month of August, the second month of the upcoming program year. As a consequence, the Administrator's funding recommendation for the Fund year beginning July 2018 through June 2019, incorporates the demand for the final two months of the expiring program year, which will be paid during the upcoming Fund year, and only ten months of the MARS and service providers' projections to comprise the twelve months funding requirement. The Administrator has recommended that the payment reserve remain at two average months of the level of anticipated provider distributions to provide both a reserve and an estimated accrual for the two months that will be reimbursed from the following Fund year.

Collectively, the six relay services and the additional fund requirements total \$1,795,411,526. Interest on invested funds for the July 2018 – June 2019 period is projected to be approximately \$1,200,000 and is used to offset on-going Fund requirements.

Historically, the Administrator has recommended that the TRS Fund include an additional component to protect the Interstate TRS program from running short of available funds before the end of the TRS Fund period. In its 2009 *and 2010 Rate Orders*, the Commission accepted the Administrator's recommendation to include a surplus of one month's projected distributions to providers be included in the funding requirement.<sup>64</sup> The Administrator recommended for the 2014-2015 funding year that the

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<sup>64</sup> Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, Order, CG Docket No. 03-123, 23 FCC Rcd 9976 (2008 Rate Order ) at n. 56



budgetary reserve be increased to two months to more appropriately reflect the practice of budgeting demand to reflect the fact that the distributions in the program year include payments for service provided in May and June of the prior year and only ten months of the service provided during the upcoming program year. In the 2014-2015 Rate Order<sup>65</sup> the Commission accepted the change to increase the reserve as described. The use of a budgetary reserve of two average month's projected distributions to providers, \$252.607 million, is included in the funding requirement. It is anticipated that there will be a surplus of approximately \$172,187,810, at June 30, 2018.

The total projected net funding requirement for the 2018-2019 funding year is estimated to be \$1,622,023,716. The component parts of the projected funding requirement are displayed in Exhibit 2.

Based on the 2018-2019 demand projections and the proposed rates contained herein coupled with the anticipated calendar year 2017 revenue base, the Administrator estimates that the contribution factor will need to be 0.03034

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<sup>65</sup> See DA 14-946, para. 23.

## **VII. Program Administration**

### **A. Interstate TRS Fund Advisory Council Reports**

Pursuant to section 64.604 of the Commission's rules, the Advisory Council advises the Administrator on interstate TRS cost recovery matters.<sup>66</sup> The Advisory Council includes non-paid volunteers from the hearing and speech disability community, TRS users (voice and text telephone), state regulators and relay administrators, interstate service providers, and TRS providers. Appendix C contains a listing of current Advisory Council members.<sup>67</sup>

.On September 10, 2017 the Advisory Council met in Denver Colorado. The meeting included an extensive overview of developments at the FCC presented by Karen Peltz Strauss and Eliot Greenwald of the Consumer and Governmental Affairs Bureau of the FCC and a discussion of the health of the Fund by the Fund Administrator, David Rolka.

On April 6, 2018 the Advisory Council met in Boiling Springs, Pennsylvania. The meeting included an overview of developments at the FCC presented by Eliot Greenwald, Deputy Chief, Disability Rights Office (DRO) and Michael Scott of Consumer and Government Affairs Bureau (CGB). The Advisory Council considered and adopted changes to the Bylaws to permit up to three four year terms; elected Officers for the upcoming program year and agreed that the next Council meeting would be held in Minnesota on Thursday September 13, 2018. The minutes of both of these meetings and the presentations are attached at Appendix D.

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<sup>66</sup> 47 C.F.R. § 64.604 (c)(5)(iii)(H).

<sup>67</sup> In a July 1999 Order, the FCC authorized the addition of a position in the hearing and speech disability community category for a representative from the speech disability community. *See Appointment of the Telecommunications Relay Services (TRS) Fund Administrator and Composition of the Interstate TRS Advisory Council*, CC Docket No. 90-571, Memorandum Opinion and Order, 14 FCC Rcd 10553 (1999).

## **B. Audit Report**

Included in Appendix E is a copy of the TRS Fund Performance Status comparing the projected budgetary levels for the current program year with the actual results of operations for the period July, 2017, through March 2018.

## **Appendices:**

- Appendix A ----** Interstate TRS Fund 2017 Intrastate Rate and Minute Data for MARS Methodology (State Data Collection Form & Instructions)
- Appendix B ----** Interstate TRS Fund Annual Provider Information (Provider Data Collection Form & Instructions)
- Appendix C ----** Current Advisory Council Members
- Appendix D ----** TRS Council meeting Minutes of September 2017 and April 2018.
- Appendix E ----** TRS Fund Status Report through March 2018.
- Appendix F ----** PowerPoint Presentations offered at the Advisory Council Meetings are also available for inspection on the RL website [www.rolkaloube.com](http://www.rolkaloube.com).
- Appendix G ----** The 2017-2018 Rolka Loube Report

## **Exhibits:**

- Exhibit 1-1 ----** Displays TRS & STS data collected from states for the Interstate MARS rate calculation.
- Exhibit 1-2 ----** Displays CTS data collected from states for the Interstate MARS rate calculation.
- Exhibit 1-3 ----** IP CTS historical cost, Rate and demand data
- Exhibit 1-3.1 ---** IP CTS Revenue, Expense and Profit Estimates for Tariff Year 2017-2018 (REDACTED)
- Exhibit 1-3.2 ---** IP CTS Cost Trend Data
- Exhibit 1-4 ----** Displays IP CTS Historical and Projected Demand
- Exhibit 2 ----** Displays the proposed Interstate TRS Fund Size and Contribution Factor for the July 2018 through June 2019 Fund Year.
- Exhibit 3 ----** Historic Contribution Base Data
- Exhibit 4 ----** Erosion of 2017-2018 Contribution Base.

## ***Interstate TRS Fund*** **2017 Annual State Rate Data Request** **Filing Instructions**

Should you have any questions about these instructions or completion/content of the forms, please contact Bob Loube at 301-681-0338 or [bobloube@earthlink.net](mailto:bobloube@earthlink.net). Questions about the submission of this data request can be made to Andy Morrow at [TRSDataRequest@rolkaloube.com](mailto:TRSDataRequest@rolkaloube.com) or call 717-585-6605.

### **Filing Requirements / Schedule / File Preparation**

Form required of all states and US territories:

- Rate and Demand

Form to be completed as appropriate:

- Additional Costs Paid to Provider

Filing deadline:

Forms must be emailed to [TRSDataRequest@rolkaloube.com](mailto:TRSDataRequest@rolkaloube.com) on or before **February 20, 2018**.

Naming your file:

Each Excel workbook must be saved and submitted as a whole collection of completed data forms using this filing naming template: **xx\_2017\_Annual\_v.xls**, **example: PR\_2017\_Annual\_0.xls**

- |    |   |
|----|---|
| xx | Represents an abbreviation of the state or US territory (i.e. PA, DC, PR)   |
| v  | Represents a single digit for the version of the filing. The first filing submitted for the carrier should be 0. <b>If the file is being replaced for some reason, increment by 1 each time a replacement file is created for submission.</b> |

### **General Information**

On November 19, 2007, the Federal Communications Commission released a Report and Order (FCC 07-186) adopting new cost recovery methodologies for the various forms of TRS. For traditional TRS, STS, and CTS, the Commission adopted the

MARS Plan. One MARS rate is calculated that applies to Interstate TRS and STS, and one MARS rate is calculated that applies to Interstate CTS (and currently all IP CTS).

Under the MARS plan each January the Fund Administrator will request each state TRS administrator, and each provider of TRS, STS, and CTS to provide the following data for the previous calendar year: (1) per-minute compensation rates for intrastate traditional TRS, STS, and CTS; (2) whether the rate applies to session minutes or conversation minutes; (3) the number of intrastate session minutes for traditional TRS, STS, and CTS; and (4) the number of intrastate conversation minutes for traditional TRS, STS, and CTS. If the contractual per-minute compensation rate does not include all of the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year. All information submitted will be considered by RLSA to be confidential.

The intrastate minutes also include allocated 800-number, 900-number, and inbound two-line CTS minutes allocated as intrastate minutes (FCC DA 08-1476 ¶15). These allocated intrastate minutes must be included in the MARS calculation to ensure the rate reflects all intrastate minutes compensated by the states.

### **Completing the “Rate and Demand Worksheet”**

Per the Commission Report and Order FCC 07-186, each state TRS administrator and each provider of interstate TRS and STS is to provide the following data for the previous calendar year: per-minute compensation rates for intrastate traditional TRS and STS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for traditional TRS and STS; and the number of intrastate conversation minutes for traditional TRS and STS.

Per the Commission Report and Order FCC 07-186, each state administrator and each provider of CTS is to provide the following data for the previous calendar year: per-minute compensation rates for intrastate CTS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for CTS; and the number of intrastate conversation minutes for CTS.

#### Header Instructions:

1. **Jurisdiction:** Enter the two character abbreviation for the state or territory being reported (such as “PR”, “VI”, “DC”, etc.).
2. **Prepared By:** Enter the name of the person responsible for the content of this report.
3. **Telephone:** Enter the telephone number, including an extension if appropriate, of the person named in step 2.
4. **Email Address:** Enter the email address of the person named in step 2.

Column Instructions: (Note that the jurisdiction column will complete automatically once a service type and provider have been entered.)

1. **Service Type:** Select the service type using the drop down list or type "TRS", "STS" or "CTS".
2. **Provider:** Enter the name of the service provider.
3. **Rate Start Date:** Enter a valid date including month, day and year when the contract rate became effective (such as "3/1/2017"). Note: Only rates that were in affect at some point during 2017 are to be reported.
4. **Rate End Date:** Enter a valid date including month, day and year when the contract rate terminates (such as "9/30/2017"). Note: Only rates that were in affect at some point during 2017 are to be reported.
5. **Conversation Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate conversation minutes (such as "4.52"). The currency format is already configured within the form and therefore, a dollar sign should not be typed.
6. **Session Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate session minutes (such as "4.52"). The currency format is already configured within the form and therefore, a dollar sign should not be typed.
7. **Conversation Minutes:** Enter the total intrastate conversation minutes for the period in which the rate was effective during the calendar year 2017.
8. **Session Minutes:** Enter the total intrastate session minutes for the period in which the rate was effective during the calendar year 2017.

### **Additional Cost Paid to the Provider**

Please identify any incentives or services that were paid to a TRS provider during calendar year 2017 in addition to the payments reported on the "rate and demand" worksheet.

Column Instructions: (Note that the jurisdiction column will complete automatically once a service type and provider have been entered.)

1. **Provider:** Enter the name of the service provider.
2. **Service Type:** Select the service type using the drop down list or type either "TRS", "STS" or "CTS".
3. **Rate Start Date:** Enter a valid date including month, day and year when the rate being reported began (such as "3/1/2017").

4. **Rate End Date:** Enter a valid date including month, day and year when the rate being reported terminates (such as "9/30/2017").
5. **Amount:** Enter the amount of additional payments to the provider. The currency format is already configured within the form and therefore, a dollar sign should not be typed.
6. **Description:** Describe the type of cost or incentive paid to the provider.

### **Questions:**

**Q:** My state is somewhat unique among states as we pay a monthly TRS rate based on center operating costs, not a per minute compensation rate as requested. How do I best capture that information on the form for you to use?

**A:** Do not complete the rate portion of the "rate and demand" form because it obviously does not apply to this situation. We are also interested in the amount of TRS demand in the prior year, so please enter the number of minutes, if possible.

In the form, "Add. Cost Paid to Provider", please complete this form. In the "amount" column, enter the annual amount paid to the provider. However, if the rate was established for a portion of the year, enter the amount paid for that portion. Indicate in the rate start and end date columns, the portion of the year that the rate was in effect. Use a separate row each time the rate changed.

**Q:** Our rate for STS is included in the monthly TRS rate. Do I list STS on the form separately, or note that the monthly TRS rate includes STS in the "provider" column?

**A:** In the "description" column, explain how the compensation is determined. If STS and TRS are combined, indicate that. Do not try to make an artificial separation of the payments if there is no basis for the separation. However, if you know the costs for TRS separately from the costs of STS, you can provide that information in the description column.

**Persons willfully making false statements on this form can be punished by fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. §1001.**

### **PRIVACY ACT AND PAPERWORK REDUCTION ACT STATEMENTS**

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. If we believe there may be a violation or a potential violation of a FCC statute, regulation, rule or order, your certification may be referred to the Federal, state or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your certification may be disclosed to the Department of Justice or a court or adjudicative body when a) the FCC; or b) any employee of the FCC; or c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding.



We have estimated that this collection of information will take 1.0 hour annually. Our estimate includes the time to read the instructions, look through existing records, gather and maintain required data, and actually complete and review the form or response. If you have any comments on this estimate, or on how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, Office of Managing Director, AMD-PERF, Washington, DC 20554, Paperwork Reduction Act Project (3060-1249). We will also accept your PRA comments if you send an e-mail to [PRA@fcc.gov](mailto:PRA@fcc.gov).

Please DO NOT SEND COMPLETED FORMS TO THIS ADDRESS. You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid OMB control number and/or we fail to provide you with this notice. This collection has been assigned an OMB control number of 3060-1249.

**THIS NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, PUBLIC LAW 93-579, DECEMBER 31, 1974, 5 U.S.C. SECTION 552a(e)(3) AND THE PAPERWORK REDUCTION ACT OF 1995, PUBLIC LAW 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.**

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden  
estimate

[illegible]

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden  
estimate

[illegible]

January--2018

Approved by OMB

OMB Control number 3060-1249

See instructions for public burden estimate

If you have questions about the content of these forms, please contact:

**Bob Loube**

[bobloube@earthlink.net](mailto:bobloube@earthlink.net) 301-681-0338

Please send this completed workbook by February 20, 2018 to:

[TRSDataRequest@rolkaloube.com](mailto:TRSDataRequest@rolkaloube.com) 717-585-6605

# *Interstate TRS Fund*

## **2017 Annual TRS Provider Data Request Filing Instructions**

### **Filing Requirements / Schedule / File Preparation**

Forms required of all providers:

- Basics
- Intrastate Rate and Minute Data for MARS Methodology

Forms to be completed as appropriate:

- Additional Provider-Paid Costs,
- Additional Costs Paid to Provider
- Video Relay Services Expense and Capital Investments Data
- IP Services Expense and Capital Investments Data
- Annual IP and VRS Demand Data

Filing deadline:

All forms must be uploaded to the Rolka Loubé secure FTP portal **on or before February 20, 2018.**

Naming your file:

Each Excel workbook must be saved and submitted as a whole collection of completed data forms using this filing naming template: **xxxxxx\_2017\_Annual\_v.xlsx** or **xxxxxx\_2017\_Annual\_v\_cccc.xlsx**

**xxxxxx** Represents the 6 digits of the provider's filer ID

**v** Represents a single digit for the version of the filing. The first filing submitted for the carrier should be 0. **If the file is being replaced for some reason, increment by 1 each time a replacement file is created for submission.**

**cccc** OPTIONAL: Represents a variable length text string to identify the name of a subcontractor for which the workbook reports data. Spaces are acceptable but some special characters are not. Normal file naming character selections/restrictions apply. Subcontractor data should be compiled and supplied separately from data directly related to the

certified provider responsible for responding to this data request. If subcontractor data is supplied, a separate text file should be prepared and submitted which shall contain an index to identify subcontractor's full name if an abbreviation is used within the workbook's file name. That index file should be named using the format **xxxxxx\_2017\_Annual-Index\_v.txt**.

## General Information

On November 19, 2007, the Commission released a Report and Order (FCC 07-186) adopting new cost recovery methodologies for the various forms of TRS. The Order also clarified the nature and extent that certain categories of costs are compensable from the Fund.

The Order also provided that:

- Indirect overhead costs are not reasonable costs of providing TRS. Appropriate overhead costs are those costs directly related to, and directly support, the provision of relay service. Indirect overhead costs may not be allocated to TRS by an entity that provides services other than TRS based on the percentage of the entity's revenues that are derived from the provision of TRS. (FCC 07-186, ¶¶74-75).
- Start-up expenses are compensable, but must be amortized in accordance with generally accepted accounting rules (FCC 07-186, ¶¶76-77).
- All costs submitted must directly support the provision of relay service (FCC 07-186, ¶¶75).
- Reasonable executive compensation for persons who directly support the provision of TRS is compensable from the Fund (FCC 07-186, ¶¶79). For example, if executives of a company that provides a variety of services in addition to TRS do not personally work on TRS issues, no part of their salaries can be included in the company's TRS cost submission (FCC 07-186, ¶¶75).
- Financial transaction costs or fees unrelated to the provision of relay service are not compensable as reasonable costs of providing service. Such costs include costs and fees relating to a change in ownership of the entity providing relay service, the sale of the entity, the spinoff of part of the entity, or any other transaction directed at the ownership, control, or structure of the relay provider (FCC 07-186, ¶¶80).
- Costs attributable to relay hardware and software used by the consumer, including installation, maintenance costs, and testing are not compensable from

the Fund. Compensable expenses do not include expenses for customer premises equipment – whether for the equipment itself, equipment distribution, or installation of the equipment or necessary software (FCC 07-186, ¶182). Any information requested is for informational purposes only.

- Do not include profit or tax allowances in expenses. (FCC 04-137, ¶179-182)
- Only expenses to meet the non-waived mandatory minimum standards should be included. (FCC 04-137, ¶188-190)
- Capital investment data, if applicable, must be submitted by service. (FCC 04-137, ¶177-182)
- If depreciated expenses are reported, the year end net book value of the capital investment from which depreciation was computed must be reported in Section F.
- STS providers must include a report detailing specific outreach efforts directly attributable to the additional support for STS outreach
- The following costs are not compensable from the fund:
  - Costs associated with an Internet-based TRS consumers' acquisition of a ten-digit geographic telephone number
  - Costs associated with an Internet-based consumers' acquisition and usage of a toll free telephone number
  - E911 charges imposed on TRS providers under a state or local E911 funding mechanism. (FCC 08-275, ¶47-56)

All reasonable expenses of providing eligible relay services, whether as part of a state-contracted service or a stand-alone service, are reportable.

## Completing the 'Basics' Worksheet

1. **ID & Provider Name:** In the first white box, select your company name from the drop down list.
2. **Contact Name:** Enter the name of the person who prepared the reported information. This person will be contacted by RLSA if there are any questions or problems with the submission.
3. **Contact Email Address:** Enter the email address of the person identified in step 2.

4. **Contact Telephone:** Enter the telephone number of the person identified in step 2, including area code and any appropriate extension number.
5. **Explanation of Changes:** In the next box, enter, as per the on-form instructions, details about changes since your last filing and/or plans for change for the upcoming tariff year 2018-2019 (July – June).

## Completing the ‘Rate and Minute Data’ Worksheet

Per the Commission Report and Order FCC 07-186, each provider of interstate TRS and STS is to provide the following data for the previous calendar year: per-minute compensation rates for intrastate traditional TRS and STS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for traditional TRS and STS; and the number of intrastate conversation minutes for traditional TRS and STS.

### Column Instructions:

1. **Provider:** This information will automatically be populated with the provider’s 6-digit ID selected within the Basics sheet after the Service Type and the Jurisdiction columns are completed.
2. **Service Type:** Either select the service type using the drop down list or type either “TRS”, “STS” or “CTS”.
3. **Jurisdiction:** Enter the appropriate state or territory (such as “Puerto Rico”, “PR”, “VI”, “Guam”, etc.)
4. **Rate Start Date:** Enter a valid date including month, day and year when the contract being reported began (such as “3/1/2017”).
5. **Rate End Date:** Enter a valid date including month, day and year when the contract being reported terminates (such as “9/30/2017”).
6. **Conversation Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate conversation minutes (such as “4.52”). The currency format is already configured within the form and therefore, a dollar sign should not be typed. If the compensation is not per minute, record the compensation information in the form “Additional Costs Paid to Provider”.
7. **Session Rate:** Enter the per-minute compensation rate when the compensation rate is based upon actual intrastate session minutes (such as “4.52”). The currency format is already configured within the form and therefore, a dollar sign should not be typed. If the compensation is not per



minute, record the compensation information in the form “Additional Costs Paid to Provider”.

8. **Conversation Minutes:** Enter the total intrastate conversation minutes for the period in which the rate was effective during the calendar year 2017.
9. **Session Minutes:** Enter the total intrastate session minutes for the period in which the rate was effective during the calendar year 2017.

## Completing the ‘Additional Provider-Paid Costs’ Worksheet

Please identify any incentives or services that the TRS provider paid for or provided, during calendar year 2017, that the state was not required to pay for.

Column Instructions:

1. **Provider:** This information will automatically be populated with the provider’s 6-digit ID selected within the Basics sheet after the Service Type and the Jurisdiction columns are completed.
2. **Service Type:** Either select the service type using the drop down list or type either “TRS”, “STS” or “CTS”.
3. **Jurisdiction:** Enter the appropriate state or territory (such as “Puerto Rico”, “PR”, “VI”, “Guam”, etc.)
4. **Rate Start Date:** Enter a valid date including month, day and year when the contract being reported began (such as “3/1/2017”).
5. **Rate End Date:** Enter a valid date including month, day and year when the contract being reported terminates (such as “9/30/2017”).
6. **Amount:** Enter the amount of provider-paid costs. The currency format is already configured within the form and therefore, a dollar sign should not be typed.
7. **Description:** Describe the type of cost or incentive paid for by the provider.

## Completing the ‘Additional Costs Paid to Provider’ Worksheet

If the contractual per-minute compensation rate does not include all the costs paid by the state to the provider for the relay service, enter amounts paid to the provider during 2017.

Column Instructions:

1. **Provider:** This information will automatically be populated with the provider's 6-digit ID selected within the Basics sheet after the Service Type and the Jurisdiction columns are completed.
2. **Service Type:** Either select the service type using the drop down list or type either "TRS", "STS", "CTS", "IPCTS", "IP" or "VRS".
3. **Jurisdiction:** Enter the appropriate state or territory (such as "Puerto Rico", "PR", "VI", "Guam", etc.)
4. **Rate Start Date:** Enter a valid date including month, day and year when the contract being reported began (such as "3/1/2017").
5. **Rate End Date:** Enter a valid date including month, day and year when the contract being reported terminates (such as "9/30/2017").
6. **Amount:** Enter the amount of payments for 2017. The currency format is already configured within the form and therefore, a dollar sign should not be typed.
7. **Description:** Describe the type of payment by the provider for 2017.
8. **Source:** Identify the entity that provided the payment to the provider.

## Completing the 'Video Relay Services Expense and Capital Investments Data' Worksheet

Include claimed expenses attributable to providing Video Relay Services as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the interexchange carrier. When reporting expenses, report all amounts in whole dollars. For the four columns: 2016, 2017 2018, and 2019, enter Actual or Projected amounts as requested. All amounts should be traceable to the company's trial balance. For each category of cost the total submitted should tie to the category expenses in the Appendix H, Sections 1 and 2, income statements. E.g. A1 rent for the VRS RSDR submission should tie to the A1 rent expense VRS column in the income statements.

**Provide all spreadsheets used to allocate cost among the TRS services. \*\*\*  
See Appendix 1, Section A for further instructions \*\*\***

1. **Annual Recurring Fixed/Semi-Variable Expenses see Appendix 1.** Submit all expenses associated with building rent, utilities, maintenance, property tax, and leased furniture and office equipment. **Rent:** Annual payments solely for land and/or buildings rented for the provision of Video Relay Services.
2. **Utilities:** Expenses associated with land and buildings used for the provision of VRS, such as water, sewerage, fuel, T1, trunk lines, internet connectivity, internet service, VoIP service, and power. Telephone service expenses, such as center toll free numbers, local and foreign exchange should also be included here. **Also see ITEM B. 4.**
3. **Building Maintenance:** Expenses for maintenance and repair used for the provision of VRS.
4. **Property Tax (if owned):** Taxes paid on property owned and used for the provision of VRS.
5. **Furniture (if leased):** Lease or rental expenses associated with center furnishings used for the provision of VRS.
6. **Office Equipment (if leased):** Lease or rental expenses associated with office equipment used for the provision of VRS.

**B. Annual Recurring Variable Expenses (Direct VRS Operating Expenses)**

1. **Salaries and Benefits:** Compensation to ***non-management employees (persons performing communications assistant and interpreter activities)***, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers' compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **Included in this expense is the cost of "contract interpreters and/or communication assistants" who are not employees.** **ADDITIONAL DATA REQUIRED – see Appendix 1**
2. **Salaries and Benefits:** Compensation to ***management employees (relay center managers & supervisors)***, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers' compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **ADDITIONAL DATA**

**REQUIRED – see Appendix 1** See discussion of executive compensation at paragraphs 78-79 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

3. **Salaries and Benefits:** Compensation to *relay center staff*, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers' compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Telecommunications Expenses:** Expenses associated with inspecting, testing, analyzing and correcting trouble; repairing or reporting on telecommunications plant (switching, transmission, operator, cable and wire) to determine need for repairs, replacements, rearrangements, and changes; expenses for activities, such as controlling traffic flow, administering traffic measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking equipment and facilities, automatic call distributor and assigning interoffice facilities and circuit layout work. **Note: expenses reported here are in addition to the telephone service expenses reported in Section A 2.**
5. **Billing Expenses:** Rating of toll messages and billing functions not recovered from other sources.
6. **Relay Center Expenses:** Expenses not included in other accounts, such as providing food services, libraries, archives, mail service, procuring office equipment, office supplies, materials and repairs.

### **C. Annual Administrative Expenses**

Indirect overhead costs are not reasonable costs of providing TRS. Appropriate overhead costs are those costs directly related to, and directly support, the provision of relay service. Indirect overhead costs may not be allocated to TRS by an entity that provides services other than TRS based on the percentage of the entity's revenues that are derived from the provision of TRS. (FCC 07-186, ¶74-75).

1. **Finance/Accounting:** Expenses incurred in providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting, tax accounting, auditing, capital and operating budget and control, and general accounting. Financial services include banking operations, cash management, and benefit investment fund management, etc. **ADDITIONAL DATA REQUIRED - see Appendix 1**

2. **Legal/Regulatory:** Expenses incurred for legal and regulatory services. Legal services include conducting and coordinating litigation, providing guidance on regulatory and labor matters, court expenses, filing fees, cost of counsel, etc. Regulatory services include preparing and presenting information for regulatory purposes, such as responding to this data request. **ADDITIONAL DATA REQUIRED - see Appendix 1**
3. **Engineering:** Expenses incurred in the general day to day engineering operation of the TRS telecommunications plant and /or IP network to meet applicable non-waived mandatory minimum standards. **ADDITIONAL DATA REQUIRED see Appendix 1**
4. **Research and Development:** Expenses incurred for R&D required to meet applicable non-waived mandatory minimum standards. **ADDITIONAL DATA REQUIRED – see Appendix 1**
5. **Operations Support:** Expenses that ensure the sustainability of service including troubleshooting, customer service and technical support. **ADDITIONAL DATA REQUIRED – see Appendix 1**
6. **Human Resources:** Expenses incurred in performing personnel administration activities, including recruiting, hiring, forecasting, planning, training, scheduling , counseling employees and reporting. **ADDITIONAL DATA REQUIRED – see Appendix 1**
7. **Billing:** Administrative expenses of rating and providing billing information to interexchange and exchange carriers, if not recovered by other means. **ADDITIONAL DATA REQUIRED - see Appendix 1**
8. **Contract Management:** Expenses of managing activities required by the provider contracts. **ADDITIONAL DATA REQUIRED – see Appendix 1**
9. **Risk Management:** Management expenses associated with workmen's compensation, payments in settlement of accident and damage claims, insurance premiums against losses and damages, sickness and disability payment, etc.
10. **Other Corporate Overhead:** Other administrative expenses of providing TRS not included in previous categories. All costs over \$10,000 should be itemized. **ADDITIONAL DATA REQUIRED – see Appendix 1** See discussion of overhead costs at paragraphs 74-75 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

#### **D. Annual Depreciation / Amortization Associated with Capital Investment**

Depreciation listed in this section MUST tie to the capital investment reported in Section F.

1. **Furniture & Fixtures:** Depreciation expense on furniture and/or fixtures. **ADDITIONAL DATA REQUIRED – see Appendix 1**
2. **Telecommunications Equipment:** Depreciation expense associated with capitalized expenses of telecommunications equipment including switching equipment, operator services equipment, cable and wire facilities, transmission equipment, and power equipment. **ADDITIONAL DATA REQUIRED – see Appendix 1**
3. **Leasehold:** Amortization of leasehold improvements – improvements which become a permanent part of a building, like walls or carpeting. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Software:** Amortization expenses associated with capitalized software.
5. **Other Capitalized:** depreciation expense not accounted for in other categories. **ADDITIONAL DATA REQUIRED – see Appendix 1**

#### E. Other Expenses

1. **Marketing/Advertising: Advertising:** is a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas, or services. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand. These messages are usually paid for by sponsors and viewed via various media. Marketing is the wide range of activities involved in making sure that you're continuing to meet the needs of your customers and getting value in return. Marketing activities include "inbound marketing," such as market research to find out, for example, what groups of potential customers exist, what their needs are, which of those needs you can meet, how you should meet them, etc. Inbound marketing also includes analyzing the competition, positioning your new product or service (finding your market niche), and pricing your products and services. "Outbound marketing" includes promoting a product through continued advertising, promotions, public relations and sales. Marketing/Advertising expenditures by the provider to persuade users to choose their particular relay service over that of other relay service providers. **All costs over \$10,000 should be itemized.** The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are NOT to be reported as expenses. **ADDITIONAL DATA REQUIRED – see Appendix 1.** See discussion at paragraph 82, Report and

Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

2. **Outreach:** Outreach is an effort by individuals in an organization or group to connect its ideas or practices to the efforts of other organizations, groups, specific audiences or the general public. Unlike marketing, outreach does not inherently revolve around a product or strategies to increase market share. Typically non-profits, civic groups, and churches engage in outreach. **ADDITIONAL DATA REQUIRED – see Appendix 1.** See discussion at paragraph 82, Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).
3. **Sub Contactor:** 3rd party costs associated with a contract to provide IP and VRS services. Do not include profit or tax allowances of sub-contractor. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. Software Expense
5. Customer Premise Equipment Expense **ADDITIONAL DATA REQUIRED – see Appendix 1**
6. Other: Expenses not previously reported. **ADDITIONAL DATA REQUIRED – see Appendix 1**

#### **F. Capital Investments**

Please provide the year end net book value of capital investments by categories listed in Section F from which the depreciation expenses in Section D was calculated. **ADDITIONAL DATA REQUIRED – see Appendix 1**

#### **G. Costs Associated with E911 and Numbering for Internet-Based Telecommunications Relay Services**

Costs may be submitted for:

“those additional costs incurred by a provider that directly relate to (1) ensuring that database information is properly and timely updated and maintained; (2) processing and transmitting calls made to ten-digit numbers assigned pursuant to this Order; (3) routing emergency calls to an appropriate PSAP; (4) other implementation related tasks directly related to facilitating ten-digit numbering and emergency call handling; and (5) consumer outreach and education related to the requirements and services adopted in this Order” (FCC 08-151¶100).

The following costs are not compensable from the fund: (A) Costs associated with an Internet-based TRS consumers’ acquisition of a ten-digit geographic telephone

number (B) costs associated with an Internet-based consumers' acquisition and usage of a toll free telephone number (C) E911 charges imposed on TRS providers under a state or local E911 funding mechanism. (FCC 08-275, ¶47-56). Do not include these costs. Do not include costs already included in the per minute IP and VRS compensation rate calculated pursuant to the Commission's rules.

## Completing the 'IP-Relay Services Expense and Capital Investments Data' Worksheet

Include reasonable expenses attributable to providing IP Relay as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the carrier. When reporting expenses, please report all amounts in whole dollars. **Follow the same instructions for Sections A through G as listed above in Video Relay Services Expense and Capital Investments Data except substitute IP-Relay expenses and capital investments for VRS.**

## Completing the 'IP-CTS Services Expense and Capital Investments Data' Worksheet

Include reasonable expenses attributable to providing IP CTS as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the carrier. When reporting expenses, please report all amounts in whole dollars. **Follow the same instructions for Sections A through G as listed above in Video Relay Services Expense and Capital Investments Data except substitute IP-CTS expenses and capital investments for VRS.**

## Completing the 'Annual IP-Relay, IP-CTS and VRS Demand Data' Worksheet

All minute data should be reported in conversation minutes. Conversation minutes are measured in terms of conversation time, i.e., from calling party connection to called party to the disconnect of both parties. Do not include time for call set-up, call ringing, waiting for an answer, calls that reach busy numbers or receive no answers, and call wrap-up. 2016 and 2017 minutes should be actual conversation minutes. Minutes for 2018 and 2019 should be projected conversation minutes by month. The projected minutes should reflect reasonable growth rates and include other considerations that might increase or decrease the minutes handled by a center, such as adding a new state to a center. Include a description of the methodology used to determine the projected minutes for 2018 and 2019.



## APPENDIX 1 For IP Relay, IP-CTS and VRS

This Appendix applies to each service separately.

### SECTION A: Annual Recurring Fixed/Semi-Variable Expenses

For Section “A” expenses that are provisioned jointly with the expenses for other telecommunications relay services, provide the total company expenses, a description of how the total expenses are allocated among the TRS services and between TRS and Non-TRS services, and the percent allocation for each service. For example, a building lease could be allocated based on the relative square feet of the building used to provide the services. Include a spreadsheet that documents the allocation. All relationships and equations in the spreadsheet should be active. Do not copy and paste special any data.

### SECTION B: Annual Recurring Variable Expenses

#### 1. Salaries and Benefits

- a) Provide a detailed schedule of the number of full-time employees or part-time equivalent employees – **Non-management (persons performing communications assistant and interpreter activities)**, their job title and job description and the components of their compensation, including salaries and benefits. This includes the cost of contract interpreters and/or communication assistants. The schedule should tie to the actual and projected amounts for 2016-2019. Please provide data for each center and job title and job description for each employee classification. Number of employees should be the average for the year.

Please provide data for each center. This should be the average for the year, not year-end numbers.

- b) Provide a detailed schedule of the occupancy and utilization percentages used to develop the number of employees required to meet call volumes. The schedule should tie to the schedule requested in A above.

Occupancy Percentage = # of minutes a CA/Interpreter is occupied processing a call(including set-up, wrap-up) / # of available minutes (payroll time). Provide the numerator and the denominator data separately.

Utilization Percentage = # of conversation minutes (does not include set-up, wrap-up) / # of minutes a CA/Interpreter is occupied processing a call(including set-up, wrap-up). Provide the numerator and the denominator data separately.

Please also include information on the normal workday length and the amount of time CAs/interpreters are at their desks waiting to take calls (available/payroll time minus lunch, breaks, vacation).

- c) Provide the speed of answer you are staffing to meet for each center. This should be the average for the year, not year-end data.
  1. Number of communication assistant and interpreter seats at each call center
  2. Number of call centers
  3. Average hourly salary for communication assistants and interpreters
  4. Provide fully loaded CA costs including labor, facilities and CA direct G&A
2. Salaries and Benefits Provide a detailed schedule of the number of employees – Management employees (relay center managers & supervisors), their job titles, description, and the components of their compensation, including salaries and benefits. The schedule should tie to the actual and projected demand for 2016 - 2019. Please provide data for each center and job title and job description for each employee classification. See discussion of executive compensation at paragraph 75, 78-79 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186). Number of employees should be the average for the year.
3. Salaries and Benefits Provide a detailed schedule of the number of employees – Relay Center Staff (clerical staff and others who perform non communications assistant and interpreter activities), their job title and job description and the components of their compensation, including salaries and benefits. The schedule should tie to the actual and projected demand for 2016-2019. Please provide data for each center, job title and job description for each employee classification. Number of employees should be the average for the year.
4. Provide a schedule of telecommunications expenses for each call center. Include the vendor, a description of the good or service and the amount.
5. Provide a schedule of the billing expenses for each call center. If billing is performed in-house, provide the work hours required. If billing is provided by a vendor, include the vendor, a description of the good or services and the amount.
6. Provide a schedule of relay center expenses for each call service. Include the vendor, a description of the good or service and the amount.

## **SECTION C: Annual Administrative Expenses**

### **1. Finance/Accounting**

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of other expenses incurred in providing accounting and financial services. Include the vendor, a description of the good or service and the amount.

### **2. Legal/ Regulatory**

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average of the year.
- b) Provide a schedule of other expenses incurred in providing legal services and a description of those expenses. Include the vendor, a description of the good or service and the amount.

### **3. Engineering (day to day operations)**

- a) Provide a detailed schedule of the number of employees, their job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Describe Engineering activities and explain how it relates to meeting the non - waived mandatory minimum standards. (See FCC 04-137, ¶ 188-190)

### **4. Research and Development**

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be average for the year. Provide a break down based on platform, software and customer premise equipment.
- b) Provide a schedule of other expenses incurred in providing research and development services and a description of those expenses. Include the vendor, a description of the good or service and the amount.
- c) Describe each TRS related Research and Development project and explain how it relates to meeting the non -waived mandatory minimum standards. (See FCC 04-137, ¶ 188-190)

### **5. Operations Support**

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salary and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of other expenses incurred in providing research and development services and a description of those expenses. Include the vendor, a description of the good or service and the amount.

#### 6. Human Resources

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of other expenses incurred in providing research and development services and a description of those expenses. Include the vendor, a description of the good or service and the amount. This includes forecasting, planning, recruiting and reporting.

#### 7. Billing

- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide other administrative expenses incurred in rating and providing billing information to exchange and interexchange carriers if not recovered by other means.

#### 8. Contract Management

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of managing activities required by provider contract and a description of those activities. Include vendor, a description of service or good and the amount

#### 9. Risk Management (No additional information is needed)

#### 10. Other Corporate Overheads

- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be average for the year.

- b) Itemize any costs over \$10,000. See discussion of overhead costs at paragraphs 74-75 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

#### **SECTION D: Annual Depreciation/Amortization Associated with Capital Investment**

Depreciation method and period applied should be included. Departures from traditional depreciation methods should be explained in detail. We emphasize that the depreciable life, depreciation method, and depreciation expense must be categorized by items listed in Section D.

#### **SECTION E: Other Expenses**

##### **1. Marketing/Advertising Expenses**

- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. This includes product management expenses associated with managing product lifecycle. Number of employees should be the average of the year.
- b) Provide a schedule of expenses for marketing/advertising. Include the vendor, a description of the good or service and the amount.
- c) Do not report the cost of equipment given to, sold to, and/or used by relay callers in any expenses.
- d) Do not report expenses associated with installation and training on the equipment.

##### **2. Outreach Expenses**

- a) Provide a detailed schedule of the number of employees, job title, job description, and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide a schedule of expenses for outreach. Include the vendor, a description of the good or service and the amount.
- c) Do not report the cost of equipment given to, sold to, and/or used by relay callers in any expenses.
- e) Do not report expenses associated with installation and training on customer premises' equipment. See discussion of at paragraph 82 and Declaratory Ruling at paragraphs 89-94 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

3. Sub Contractor Expenses

- a) Provide a schedule of sub-contractor expenses. Include the vendor, RSDR category of expense, a description of the good or service and the amount.

4. Software (No additional information is needed)

5. Customer Premise Equipment

- a) Provide a detailed schedule of the number of employees, job title, job description and the components of their compensation, including salaries and benefits. Number of employees should be the average for the year.
- b) Provide the number of Customer Premise Equipment units sold, produced and installed.
- c) Provide the Cost of Goods Sold.

6. Other - Do not include "Profit or Tax Allowances". List and explain expenses not stated in other categories.

**SECTION F: Capital Investments**

- a) Support data for capital investment should include where appropriate, among other things: all capital equipment purchased in order to provide each form of TRS, itemized by equipment class, gross book values, accumulated depreciation, and net book values. Only report the year end net book value in Section F.
- b) Support data for VRS equipment should separately identify investments used by communications assistants and interpreters to interact with end-users, and equipment used to monitor and supervise call centers.
- c) For each type of equipment provide gross book values, accumulated depreciation and net book values.
- d) For equipment used to monitor and supervise call centers that provide multiple TRS services, provide the total company investments, describe how total investments are allocated among the services, and the percent allocation for each service.
- e) Only include capital investment items that are long term in nature and subject to depreciation. Items such as office supplies should be listed in Section B. 6. Relay Center Expenses.

**SECTION G: Costs Associated with E911 and Numbering for Internet-Based Telecommunications Relay Services**

Provide the total number of E911 calls handled for the years 2016 – 2017.

**SECTION H: Financial Data (This information should be supplied at the provider level rather than for each individual service)**

1. Provide the corporate income statement and balance sheet for the entity for 2016 and 2017.
2. Provide a supporting schedule that ties to the income/balance sheet and contains the following information:
  - a. A column for each TRS service and a column for other that contains the non-TRS service amount.
  - b. Rows for each of the categories of expense that were submitted with the data submission under sections A through G.
  - c. An explanation of the services provided related to the amounts in the other column.
3. Please provide the state corporate income tax rates for each state applicable where you provide VRS, IP-Relay or IP-CTS service. If any state does not have a corporate income tax, please indicate that the rate does not exist.
4. Please provide a list of all debt instruments, where debt instruments include: notes, bonds, loans, commercial paper and similar financial obligations.
5. For each listed debt instrument, please provide:
  - a. The balance as of December 31, 2017.
  - b. The expected balance as of April 30, 2018
  - c. The interest rate
  - d. Interest paid in 2016
  - e. Interest paid in 2017
  - f. Estimated interest payments in 2018
  - g. Estimated interest payments in 2019
  - h. Principal payments in 2016.
  - i. Principal payments in 2017.
  - j. Estimated principal payments in 2018
  - k. Estimated principal payments in 2019
  - l. Maturity date
  - m. An explanation of any covenants associated with the debt instrument
  - n. The metric associated with the covenant, for example, an interest coverage ratio of 3.
  - o. 2017 performance regarding the metric, for example, in 2017 the actual interest coverage ratio was 4.3.
6. Provide any lead-lag study or any other study that would support a working capital requirement performed by or for the provider.

**Persons willfully making false statements on this form can be punished by fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. §1001.**

#### **PRIVACY ACT AND PAPERWORK REDUCTION ACT STATEMENTS**

The FCC is authorized under the Communications Act of 1934, as amended, to collect the information we request in this form. If we believe there may be a violation or a potential violation of a FCC statute, regulation, rule or order, your certification may be referred to the Federal, state or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your certification may be disclosed to the Department of Justice or a court or adjudicative body when a) the FCC; or b) any employee of the FCC; or c) the United States Government is a party of a proceeding before the body or has an interest in the proceeding.

We have estimated that this collection of information will take 5.0 hours annually. Our estimate includes the time to read the instructions, look through existing records, gather and maintain required data, and actually complete and review the form or response. If you have any comments on this estimate, or on how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, Office of Managing Director, AMD-PERF, Washington, DC 20554, Paperwork Reduction Act Project (3060-1249). We will also accept your PRA comments if you send an e-mail to PRA@fcc.gov.

Please DO NOT SEND COMPLETED FORMS TO THIS ADDRESS. You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid OMB control number and/or we fail to provide you with this notice. This collection has been assigned an OMB control number of 3060-1249.

**THIS NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, PUBLIC LAW 93-579, DECEMBER 31, 1974, 5 U.S.C. SECTION 552a(e)(3) AND THE PAPERWORK REDUCTION ACT OF 1995, PUBLIC LAW 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.**



# Interstate TRS Fund

## Annual Provider Information

Provider Name	
Contact Name	
Contact Email Address	
Contact Telephone	
For signature at the bottom of this form:	
Senior Officer Name	
Senior Officer Title	

To assist RolkaLoubé in understanding your data, in the box below, please summarize any service changes/activities/improvements since the 2016-2017 filing, or planned for tariff year 2018-2019 (July thru June), that caused/may cause substantial changes in cost and/or demand data. Include the methodology used to determine the projected minutes for calendar years 2018 and 2019. Examples: addition of a state; loss of a state contract; increase in volumes due to specific outreach program; call volume decrease due to use of internet or other non-TRS technology; decrease in minutes due to new, time saving technology; changes in volumes due to abnormal weather conditions; etc. Include any characteristics unique to a particular service or changes in the relay services marketplace as a whole.

Should you have questions about completing or submitting these forms, please see the filing instructions.

I swear under penalty of perjury that I am \_\_\_\_\_, \_\_\_\_\_, an officer of the above-named reporting entity and that I have examined the foregoing reports and that all requested information has been provided and all statements of fact, are true and accurate.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden estimate

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden estimate

[illegible]

*January 2018*  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden estimate

*Additional Provider-Paid Costs for Calendar Year 2017*

[illegible]

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden estimate

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden estimate

[illegible]

# Interstate TRS Fund

January 2018  
Not Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden  
estimate

## IP Relay Services Expense and Capital Investments Data

Provider:

	Actuals		Projection	
	2016	2017	2018	2019
<b>A. Annual Recurring Fixed / Semi-Variable Expenses</b>				
1. Rent				
2. Utilities				
3. Building Maintenance				
4. Property Tax (if owned)				
5. Furniture (if leased)				
6. Office Equipment (if leased)				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>B. Annual Recurring Variable Expenses (Direct TRS Operating Expenses)</b>				
1. Salaries & Benefits (Relay Center: Non - Management)				
2. Salaries & Benefits (Relay Center: Management)				
3. Salaries & Benefits (Relay Center Staff)				
4. Telecommunications Expenses				
5. Billing Expenses				
6. Relay Center Expenses				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>C. Annual Administrative Expenses</b>				
1. Finance/Accounting				
2. Legal/Regulatory				
3. Engineering				
4. Research and Development				
5. Operations Support				
6. Human Resources				
7. Billing				
8. Contract Management				
9. Risk Management				
10. Other Corporate Overheads				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>D. Annual Depreciation Associated with Capital Investment</b>				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Software				
5. Other Capitalized				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>E. Other TRS Expenses</b>				
1. Marketing/Advertising Expenses				
2. Outreach Expenses				
3. Sub Contractor Expenses				
4. Software				
5. Customer Distributed Equipment				
6. Other				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>F. Capital Investments</b>				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Software				
5. Other Capitalized				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>G. Costs Associated with E911 and Numbering with Internet-Based Telecommunications Relay Services</b>				

# Interstate TRS Fund

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden  
estimate

## Video Relay Services Expense and Capital Investments Data

Provider:

	Actuals		Projection	
	2016	2017	2018	2019
<b>A. Annual Recurring Fixed / Semi-Variable Expenses</b>				
1. Rent				
2. Utilities				
3. Building Maintenance				
4. Property Tax (if owned)				
5. Furniture (if leased)				
6. Office Equipment (if leased)				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>B. Annual Recurring Variable Expenses (Direct TRS Operating Expenses)</b>				
1. Salaries & Benefits (Relay Center: Non - Management)				
2. Salaries & Benefits (Relay Center: Management)				
3. Salaries & Benefits (Relay Center Staff)				
4. Telecommunications Expenses				
5. Billing Expenses				
6. Relay Center Expenses				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>C. Annual Administrative Expenses</b>				
1. Finance/Accounting				
2. Legal/Regulatory				
3. Engineering				
4. Research and Development				
5. Operations Support				
6. Human Resources				
7. Billing				
8. Contract Management				
9. Risk Management				
10. Other Corporate Overheads				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>D. Annual Depreciation Associated with Capital Investment</b>				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Software				
5. Other Capitalized				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>E. Other TRS Expenses</b>				
1. Marketing/Advertising Expenses				
2. Outreach Expenses				
3. Sub Contractor Expenses				
4. Software				
5. Customer Premise Equipment				
6. Other				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>F. Capital Investments</b>				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Software				
5. Other Capitalized				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>G. Costs Associated with E911 and Numbering with Internet-Based Telecommunications Relay Services</b>				

# Interstate TRS Fund

January 2018  
Approved by OMB  
OMB Control number 3060-1249  
See instructions for public burden  
estimate

## IP CTS Services Expense and Capital Investments Data

Provider:

	Actuals		Projection	
	2016	2017	2018	2019
<b>A. Annual Recurring Fixed / Semi-Variable Expenses</b>				
1. Rent				
2. Utilities				
3. Building Maintenance				
4. Property Tax (if owned)				
5. Furniture (if leased)				
6. Office Equipment (if leased)				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>B. Annual Recurring Variable Expenses (Direct TRS Operating Expenses)</b>				
1. Salaries & Benefits (Relay Center: Non - Management)				
2. Salaries & Benefits (Relay Center: Management)				
3. Salaries & Benefits (Relay Center Staff)				
4. Telecommunications Expenses				
5. Billing Expenses				
6. Relay Center Expenses				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>C. Annual Administrative Expenses</b>				
1. Finance/Accounting				
2. Legal/Regulatory				
3. Engineering				
4. Research and Development				
5. Operations Support				
6. Human Resources				
7. Billing				
8. Contract Management				
9. Risk Management				
10. Other Corporate Overheads				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>D. Annual Depreciation Associated with Capital Investment</b>				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Software				
5. Other Capitalized				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>E. Other TRS Expenses</b>				
1. Marketing/Advertising Expenses				
2. Outreach Expenses				
3. Sub Contractor Expenses				
4. Software				
5. Customer Distributed Equipment				
6. Other				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>F. Capital Investments</b>				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Software				
5. Other Capitalized				
<b>Total</b>	\$ -	\$ -	\$ -	\$ -
<b>G. Costs Associated with E911 and Numbering with Internet-Based Telecommunications Relay Services</b>				

# Interstate TRS Fund

## Annual VRS Demand Data

Provider:

### Interstate Video Relay Service (VRS) Conversation Minutes

	Actuals		Projected	
	2016	2017	2018	2019
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				



# *Interstate TRS Fund*

## **Annual IP Relay Demand Data**

**Provider:**

### **Interstate Internet Protocol Relay (IP-Relay) Conversation Minutes**

	Actuals		Projected	
	2016	2017	2018	2019
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				

# *Interstate TRS Fund*

## **Annual IP CTS Demand Data**

**Provider:**

**Interstate Internet Protocol Captioned Telephone Service (IP  
CTS) Conversation Minutes**

	Actuals		Projected	
	2016	2017	2018	2019
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				

Appendix 1 for IP Relay, IP\_CTS, and VRS

See Instructions for Appendix 1

*January--2018*

*Approved by OMB*

*OMB Control number 3060-1249*

*See Instructions for public burden estimate*

# Appendix C

Office			Officer						
#	Representing	SEAT	NAME	TERM	TITLE	EMPLOYER	ADDRESS	PHONE	EMAIL_ADDRESS
1	Deaf and Hard of Hearing Community	Community #1	Al Sonnenstrahl	3/1/2013	Deaf Seniors of America	Retired	10910 Brewer House Road Rockville, MD 20852-3463	(240) 292-6786	alsonny@icloud.com
2		Community #2	Shannon Smith	5/1/2015	Director of Accessibility & Human Resources	Teltex	1081 West Innovation Drive Kearney, MO 64060	(505) 796-6069 (VP) (816) 628-1949 (TTY) (505) 228-4992 (M)	shannon@teltex.com
3	Hearing/Speech Disability Community	Consumer #1	Beverly Jo (B.J.) Gallagher	9/1/2013	Director	Speech Communications assistance by Telephone	150 Glen Acres Road Swanton, MD 21561	(301) 387-5906 (H) (410) 459-6803	BJG@DRBJG.COM
4	TRS Users	TRS Users #1	Ron Bibler (Vice Chair)	10/1/2007	Council Secretary	Bibler Financial Group	518 Deer Drive Great Falls, MT 59404	(406) 727-7851	ron@biblerfinancial.com
5		TRS Users #2	Zainab Alkebsi, Esq	5/1/2016	Policy Counsel	Law and Advocacy Center National Association of the Deaf	8630 Fenton Street, Suite 820, Silver Spring, MD 20910-3819	301-563-9111	zainab.alkebsi@nad.org
6	State Representatives	State Reg #1	Sarah Hofmann	5/1/2016	Commissioner	Vermont Public Utility Commission.	112 State Street - 4th Floor Montpelier, VT 05620-2701	802-522-4068	Sarah.hofmann@vermont.gov
7		State Reg #2	Tim Schram/STEVE STOVALL	8/1/2011	Commissioner	Nebraska Public Service Commission	300 The Atrium 1200 N Street Lincoln, NE 68508-2020	(402) 471-0218	tim.schram@nebraska.gov
8	State Regulatory Relay Administration	State Reg Relay Admin #1	Steve Peck	7/1/2015	TRS Program Manager	Department of Social Human Services/Office of the Deaf and Hard of Hearing	44540 10th Ave. SE, Lacey, WA 98503	(360) 339-7762	Pecksc@dshs.wa.gov
9		State Reg Relay Admin #2	Brenda Kelly-Frey	4/1/2008	Director MD Relay	State of Maryland, Dept. of Information Technology	301 W. Preston Street Suite 1008A Baltimore, MD 21201	(410) 767-5891 Alt (800) 552-7724 FAX (410)767-4276	brenda@mdrelay.org
10	Interstate Service Providers	TRS Contributors #1	Phillip Hupf	9/1/2012	Senior Analyst	Hamilton Telephone	1001 Twelfth Street Aurora, Nebraska 68818	(402) 694-5101	phillip.hupf@hamiltonrelay.com
11		TRS Contributors #2	Linda Vandeloop	4/1/2016	Ass't VP, Fed Regulatory	AT&T	1120 20th Street, N.W. 10th Floor Washington, D.C. 20036	(202) 457-3033	LV8571@att.com linda.vandeloop@att.com
12	TRS Providers	TRS Providers #1	Jeff Rosen	4/1/2014	General Counsel	Convo Communications, LLC	2028 E Ben White Blvd #240 Austin, TX 78741/3815 S. Capital of TX Hwy Suite 350 Austin, TX 78704	(240) 406-7238	jeff@convorelay.com
13		TRS Providers #2	Mark A. Tauscher (Chair)	4/1/2010	Mgr Business Development	Sprint	Phoenix, AZ	(623) 207-9356 FAX (913) 523-1136	mark.a.tauscher@sprint.com
	Rolkaloube TRS Fund Administration		David Rolka		President		4423 N. Front Street Harrisburg, PA 17110	717-303-3602	drolka@rolkaloube.com
			Robert Loube		Vice President			301-681-0338	bobloube@earthlink.net
			Mary Beth Osborne		Chief Operations Officer			717-303-3693	amorrow@rolkaloube.com
			Kelly Kearn		Chief Information Officer			717-303-3619	Kkearn@rolkaloube.com
			Allan Jacks		Chief Technology Officer			717-303-3610	
			John McGrath		Chief Projects Officer			717-303-3618	jmcgrath@rolkaloube.com
			Danielle Hulock		Chief Financial Officer			717-303-3581	dhulock@rolkaloube.com
			Joy McGrath		Logistics Coordinator			717-303-3593	jmmcgrath@rolkaloube.com

## **Interstate TRS Advisory Council**

Meeting Minutes for April 6<sup>th</sup>, 2018

Boiling Springs, Pennsylvania

### **ATTENDEES**

Mark Tauscher, Chair, TRS Providers  
Ron Bibler, Vice Chair, TRS users  
Linda Vandeloop, Secretary, Interstate Telecommunications  
Providers/Contributors  
Tim Schram, State Representative  
Al Sonnenstrahl, Deaf and Hard of Hearing Community  
Mike Strecker for Jeff Rosen, TRS Providers  
Shannon Smith, Deaf and Hard of Hearing Community  
Brenda Kelly-Frey, State Relay Administration  
Phillip Hupf, Interstate Telecommunications Providers/Contributors  
Zainab Alkebsi, Deaf and Hard of Hearing Community  
Steve Peck, NASRA  
B. J. Gallagher, Individuals with Speech Disabilities

### **RLSA**

Dave Rolka  
Joy McGrath  
Kelly Kearn  
Bob Loubé

### **FCC**

Eliot Greenwald  
Michael Scott

### **CONVENE**

Chairperson Tauscher greeted audience and called to order the Spring meeting of the iTRS Advisory Council at 9:01 a.m.

### **MEETING MINUTES**

The chair noted that the Fall 2017 minutes needed review, revision and/or approval. Eliot Greenwald had one correction on page 2. In the fifth bullet point down, the second word says 'but' but it should be 'for.'" Correction was accepted. Vice-Chairperson Bibler motioned to approve. Minutes passed as corrected unanimously.

## Appendix D – April 2018

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### **SUBCOMMITTEE REPORTS**

Zainab Alkebsi combined the two subcommittee reports into one presentation. Ms. Alkebsi stated one subcommittee continues to look at Video Relay Service (VRS) data trends. As for the other subcommittee that was examining the contribution base erosion, Zainab elaborated that the erosion issue is not a topic the iTRS Advisory Council has any impact on.

Ron Bibler presented on the IPCTS subcommittee. The subcommittee was hoping to get an update from the FCC on the pending NPRM, and a potential release date. The subcommittee has not taken any action pending the release of the NPRM.

### **FCC PRESENTATION**

Eliot Greenwald provided several updates:

- State TRS Program Certification Renewal
  - By July 25, 2018, CGB must reauthorize the certifications for states and territories wishing to continue operating their own TRS programs.
- Interstate TRS Advisory Council Petition for Reconsideration
  - On September 1, 2017, the TRS Advisory Council filed a petition for reconsideration.
- VRS Improvements Order
  - On October 17, 2017, the FCC published in the Federal Register the effective date of October 17, 2017, for rules adopted in the VRS Improvements Order.
- VRS At-Home Call Handling Pilot Program
  - On October 31, 2017, the FCC released a public notice authorizing ZVRS and Purple to participate in the VRS at-home call handling pilot program.
- TRS User Registration Database
  - On December 29, 2017, CGB and OMD released a Public Notice announcing that the TRS User Registration Database was ready to accept registration information for VRS users
  - On February 28, 2018, CGB and OMD issues an Order extending the deadline for VRS providers to submit registration data through March 31, 2018
  - On March 30, 2018, CGB and OMD extended this deadline to April 30<sup>th</sup>, 2018

Michael Scott provided several updates:

- Enforcement Bureau Action.
  - On June 6, 2016, Sorenson's website domain was temporarily deactivated, and as a result VRS calls made through the domain failed to connect, thereby resulting in a service outage between June 6, 2016 and June 8, 2016
- Hearing Aid Compatibility
  - On September 27, 2017, the FCC released a Further Notice of Proposed Rulemaking seeking comment on its proposal.
  - On October 24, 2017 the FCC released a Report and Order and Order on Reconsideration adopting rules on hearing aid compatibility and volume control on wireline and wireless telephones.

## Appendix D – April 2018

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- Emergency Communications
  - On September 26, 2017 the Commission released a Notice of Inquiry seeking comment on improving 911 access by enterprise communications systems serving businesses, hotels, educational institutions and government entities.
  - On November 3, 2017, CGB and PSHSB granted the petition of T-Mobile USA, Inc. for clarification of the FCC's December 2016 RTT Report and Order
  - On January 31, 2018, the Commission released a Second Report and Order and Second Order on Reconsideration.
- Accessibility Innovations Expo
  - The FCC held an Accessibility Innovations Expo on October 23, 2017
- ASL Video Library
  - On February 9, 2018 DRO launched a new ASL Video Library webpage
- RTT/Refreshable Braille Roundtable
  - On Monday, April 9, 2018, the Technology Transitions Subcommittee of the Disability Advisory Committee will be holding an invitation only roundtable at the FCC

The FCC fielded questions from the iTRS Advisory Council. Discussion included improving accuracy as PSAPs across the country migrate from legacy networks to IP networks; the WEA test completed in the DC metro area; requests for reimbursement for skills-based routing; and the lack of participation in the FCC's VRS pilots being related to the rate; and the status of the FCC's order on IP CTS.

In addition, there was discussion related to providers (new and existing) applying to the FCC to provide IP CTS using automatic speech recognition (ASR) technology. This discussion included whether or not the FCC intended to establish quality standards for ASR to make sure the service and accuracy was equivalent to IP CTS with live communication assistants.

Lastly, the discussion focused on the communication and technology needs of the DeafBlind community, such as communication facilitators.

The FCC fielded questions from the audience.

Greg Hlibok of ZVRS commented that the ZVRS and Purple At-Home Call Handling Pilot was progressing well. There is great parity in the services provided from home compared to services from a call center. A question was raised from Zainab Alkebsi regarding security and privacy of call handling. Mr. Hlibok responded that the work stations are the same that you would see used in a call center. The home workstation appears to the consumer the same as the call center work station. In addition, the room itself is subject to on-site inspections and is certified as an at-home work station. The room itself has to be locked down where only the interpreter has access to the key code to enter that area of the home. Lastly, the broadband internet is encrypted, and is a separate business line run into the home, provided by ZVRS and Purple.

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The Council had a break at 10:05am and reconvened at 10:20am.

### **TRS ADMINISTRATOR UPDATE**

Bob Loube provided the TRS Administrator update. It needed to be noted that because there is currently only one IP Relay Provider, IP Relay would not be covered in depth, and would not have its own slide on the presentation.

Bob's presentation continued to outline how MARS rates are calculated. RolkaLoube requests data from all 50 states and a couple of territories, and approximately 49 states respond and 1 territory. States provide their rate, payment basis (conversation minutes versus session minutes), and number of interstate minutes. One item of note is the migration of states to a flat rate. In the past there was no states doing a flat rate, and now there are 8 states.

In the presentation, it was highlighted that IP CTS continues to have an explosion in minutes. Last year's forecast was 400 million minutes; this year's forecast is 521 million minutes. This is the major item in the budget at a billion dollars. The remainder of the services (\$8 million) are the traditional services that the states provide, and the federal and state both provide those services, but the IP CTS is the one that's the huge money.

Discussion continued regarding the growing cost of IP CTS, and its impact on U.S. residents' phone bills. RL has estimated the contribution factor to be 2%. Additional comments focused on the TRS surcharge versus the Universal Service Fund charges and what, if any, consumers complaints were regarding paying these line items on phone bills.

In reference to IP CTS, variation in Cost and Operating Margin for the calendar years 2016 to 2019, providers' cost estimated ranged from \$2.0285 to \$0.8859. For the Tariff Year 2018-2019 based on a MARS rate of \$2.0007 per-minute providers' operating margins ranged from 12% to 53%. These estimates are based on the providers' reported actual and projected costs and minutes.

In reference to Video Relay Service, Operating Margins for the Tariff Year 2018-2019 include the industry average operating margin is projected to be 22.0%, and the highest operating margin is projected to be 37.48%. The operating margins are based on the authorized rates and the providers' projected costs and minutes.

The Council broke for lunch at 12:00pm and reconvened at 1:00pm.

### **NEW BUSINESS**

#### *Fall 2018 Meeting*

The Fall 2018 meeting was initially scheduled for Saturday, September 8<sup>th</sup> and Sunday, September 9<sup>th</sup>, 2018 in Minnesota – to coincide with the Telecommunications Equipment Distribution Program Association (TEDPA) conference and the National



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Association of State Relay Administrators (NASRA) conference. Due to a scheduling conflict that would prohibit multiple RolkaLoube staff members, iTRS Council members and FCC staff members from attending the meeting is rescheduled to Wednesday, September 12<sup>th</sup>, 2018 and Thursday, September 13<sup>th</sup>, 2018.

The schedule change was motioned by Tim Schram, seconded by Brenda Kelly-Frey and was passed unanimously.

Ron Bibler was tasked with coordinating the Stakeholder Presentations. BJ Gallagher requested a stakeholder presentation regarding Speech to Speech (STS) Relay. Ron Bibler also stated he would like a demonstration on Real Time Text (RTT) by Linda Vandeloop.

### *Fall 2019 Meeting*

The iTRS Council tasked Joy McGrath of RolkaLoube to coordinate with NASRA and TEDPA on a date and location for the Fall 2019 meeting in Phoenix, Arizona, to coincide with the NASRA and TEDPA conferences.

### *Officer Elections*

A discussion was had regarding adding a second Vice-Chair position to the officers to assist in coordinating subcommittee work. After the discussion, a motion was made to add a second Vice-Chair by Shannon Smith, seconded by Linda Vandeloop, and passed unanimously.

A discussion was had regarding changing the number of terms individuals serve on the Council from 2 to 3 four-year terms. A motion was made by Zainab Alkebsi, seconded by Al Sonnenstrahl, and passed unanimously.

Elections were conducted with the following results:

Chair – Ron Bibler by acclamation

1<sup>st</sup> Vice-Chair – Zainab Alkebsi by acclamation

2<sup>nd</sup> Vice-Chair – Brenda Kelly-Frey by acclamation

Secretary – Shannon Smith by acclamation

## **PUBLIC COMMENT**

## **ADJOURN**

Friday, April 6<sup>th</sup>, 2018 at 1:55pm

# Appendix D – September 2017

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Interstate TRS Advisory Council

Meeting Minutes for September 10, 2017

Golden, CO

## ATTENDEES

Mark Tauscher, Chair, TRS Providers

Ron Bibler, Vice Chair, TRS users

Linda Vandeloop, Secretary, Interstate Telecommunications Providers/Contributors

Steve Stovall, State Representative

Al Sonnenstrahl, Deaf and Hard of Hearing Community

Jeff Rosen, TRS Providers

Shannon Smith, Deaf and Hard of Hearing Community

Brenda Kelly-Frey, State Relay Administration (by Telephone)

Phillip Hupf, Interstate Telecommunications Providers/Contributors

Zainab Alkebsi, Deaf and Hard of Hearing Community

Honorable Sarah Hofmann, State Representative

Steve Peck, NASRA

B. J. Gallagher, Individuals with Speech Disabilities

## RLSA

Dave Rolka

Joy McGrath

Kelly Kearn

John McGrath

## FCC

Karen Peltz Strauss

## CONVENE

Chairperson Tauscher greeted audience and called to order the Spring meeting of the TRS Advisory Council at 9:03 a.m. The chair noted that minutes had already been reviewed and approved.

## COMMITTEE REPORTS

Zainab Alkebsi reported on both working groups. The VRS Rate Methodology Working Group, after submitting a recommendation for the VRS rates, continues to review several models as well

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as data provided under non-disclosure agreement for a new rate methodology. A formal recommendation will be made to the Council after the review is complete. The Contributor Base Working Group will meet separately because of the VRS non-disclosure agreement would not permit others to participate. The group is continuing to gather information and will bring in subject matter experts to provide additional background information.

### FCC PRESENTATION

Karen Peltz Strauss:

#### TRS Rate Order

- In June, as required, the commission issued the TRS Rate Order which included the funded requirement, the carrier contribution, the per minute compensation rates for TRS providers but not for VRS.
- The compensation rates for TRS, STS, and CTS were developed by the TRS Fund administrator based on the MARS rate methodology adopted by the Commission in 2007.
- The speech-to-speech rate includes the increase for outreach, but the FCC is concerned that the numbers are not going up. The FCC would like the council to consider whether the FCC should continue to provide the added supplement to the speech-to-speech rate for outreach. While the dollar amount is small, it does not make sense to continue the supplement if it is having no impact.
- Until the Commission issues a ruling on the appropriateness of the current rate methodology for IPCTS, the rate is set equal to the CTS rate.
- IP Relay rate is set for a three-year period based on a price cap methodology adjusted annually for exogenous costs, if necessary. This is the second year. The Commission extended a waiver which allows inclusion of outreach cost to increase the ability to address the needs of DeafBlind consumers. It was noted that Sprint, the only remaining provider, has done a stellar job in providing outreach to the DeafBlind community and hiring people from that community.
- The interstate TRS fund revenue requirement is \$1.3 billion.
- The revenue requirement has been growing. It will become increasingly important to make sure that only those who really need the service are using it.

#### VRS Compensation Rate Order

- Adopts a 4-year compensation plan effective 7/1/17-6/30/21
- Amends TRS numbering rules to allow the user of call routing information that contains provider domain names to facilitate interoperability.
- Permits the fund administrator to use up to \$6.1million for research and Development.
- Eliminates the requirement of a neutral video communication service platform
- Adopts a technical correction to the speed-of-answer rules

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- Reinstates deadline of the VRS Interoperability Profile: VRS Providers must comply by 12/20/17.
- New tiers
  - Tier 1 – monthly minutes up to 1,000,000
  - Tier II – monthly minutes between 1,000,001 and 2,500,000
  - Tier III monthly minutes over 2,500,000
  - Tier structure will apply separately to ZVRS and Purple until 2/14/20 or until the companies consolidate operations in accordance with the FCC’s Consent Decree authorizing the merger
  - VRS Emergent Tier – no more than 500,000 monthly minutes as of July 1<sup>st</sup>
    - Recognizes the unbalanced structure of the VRS industry and the need to complete VRS reforms intended to enhance competition
    - Recognizes that smaller providers may offer features that meet the needs of niche VRS market segments
    - Providers initially subject to emergent rate who then generate monthly minutes exceeding 500,000 shall continue to be compensated at that rate for the first 500,000 monthly minutes until the end of the four-year rate plan.
    - Minutes exceeding 500,000 – 1,000,000 will be compensated at the Tier I rate.
- Allows reset of rates in response to substantial cost changes or other significant developments.
- Allowable cost categories for VRS were not reconsidered.
- Replaced the current rate-of-return with operating margin: zone of reasonableness between 7.6% and 12.35% for VRS providers.
- The FCC used the weighted average of each provider’s actual costs and demand for 2016 and projected costs and demand for 2017
- Will allow exogenous cost recovery for certain well-documented costs.

The FCC has been working hard to promote direct video calling and encourages the council to encourage customer service agents to hire a deaf person who can take calls from directly deaf customers and bypass the relay service providers.

In January 2017 Order CGB adopted the Interoperability Profile for Relay User Equipment.

- VRS providers only need to comply with the RUE profile for purposes of ensuring interoperability with the ACE app. Compliance required by 4/27/18.
- FNPRM seeks comment on adoption of a rule applying the RUE Profile to provider-distributed VRS user equipment and software.
- On 5/30/17 Sorenson filed a petition for partial reconsideration or, in the alternative, suspension of the deadline.

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The order adopted an interoperability user profile for user equipment.

- The FCC's amended rules that allow for routing information provided to the TRS numbering directory to include URIs that contain provider domain names rather than user IP addresses. Compliance required by 12/20/17.
- Standard data interexchange format for exporting and importing user personal contact and speed dial lists applies to all VRS providers. Compliance required by 10/24/17.

### TRS Program Recertification

- States wishing to operate their own TRS programs must certify every 5 years. Current certifications expire on 7/25/18.
- Each state seeking renewal must submit documentation that:
  - It meets all the applicable operational, technical, and functional mandatory minimum standards and makes available adequate procedures and remedies for enforcement.
  - It makes informational materials on state and Commission complaint procedures available to TRS users.
  - The FCC asks that renewal applications be filed no later than 10/1/17.
  - The FCC will issue public notices on a rolling basis to recertify states.

The DeafBlind distribution program became permanent in July 2017

- It allocates \$10M per year
- The program now allows for the cost of training people how to use the equipment
- Outreach costs were cut from \$500K to \$250K per year because prior nationwide outreach was so successful. States are still allowed to do outreach.

### March 2017 Order

- Approved 10-digit numbers for hearing people once the URD is set up to make sure the fund does not reimburse those calls
- The FCC will publish speed of answer by VRS provider.
- The FCC initiated a NOI addressing performance goals for VRS

### Other FCC Activity

- The FCC approved rules for real-time text and is asking for input on the impact on relay.
- The FCC is gathering input on the needs of people with cognitive disabilities
- The FCC approved a consensus proposal between consumers and industry to gradually increase the percentage of wireless phones that are hearing aid compatible

## Appendix D – September 2017

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Dave Rolka

### TRS Fund Finances

- 2017-2018 Projected Fund Requirements = \$1.5Billion
- Net funds requirement = \$1.3 Billion (made up of provider contributions, reserve, admin and miscellaneous fees, less interest on investments plus cash on hand at year end)
- Contribution base = \$58 Billion (note that the contribution base is decreasing 5-6% per year)
- Contribution Rate is approximately 2%
- Distributions
  - Traditional services – prices set to MARS = \$14M
  - IP Relay = \$7.75M
  - IP CTS = \$748M
  - VRS = \$494M
  - NDBEDP = \$10M
  - 2 Average Month Reserve = \$211M
  - Sub Total + 1,485M
  - Research, Outreach, Administration, URD, Audits, iTRS Number Administration and Misc. Fees and Expenses =\$14.1M

### Demand Trends

- Demand for IP Relay service is relatively flat and is consistent with projections with approximately 500,000 minutes per month
- Demand for Video Relay is relatively flat with approximately 10-12 million minutes per month. Video Relay minutes are 20 times the IP Relay
- IP CTS demand is growing with approximately 30 million minutes per month and 3 times the Video Relay minutes.
  - Every month IP CTS is a larger portion of the total. The rate is significantly lower than other rates, so it is not a larger percentage of the budget.

### Recent Changes to NDBEDP

- Joyce McGrath is the principal point of contact.
- Up to 2.5% of the state allocation is available for train the trainer expenses
- Outreach expenditures are capped at 10% of each state's allocation during the first 2 years
- Reimbursement of travel is allowed but requires advanced approval and will be tracked by Rolka/Loube.
- Administrative expenditures are 15% of the budget.
- \$250,000 has been set aside for national outreach

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### VRS User Registration Database

- Rolka/Loube is the URD data base administrator and was contracted by the FCC to design and implement the URD
  - Service providers have been providing information for over a year
  - Testing has been extensive
  - Rolka/Loube has been working with a number administrator
  - Rolka/Loube is awaiting confirmation on proposed additional fields for enterprise phones and a clarification on hearing user registration requirements. Once confirmed, code modifications and testing will require an additional 60 days.

### Coordinating with the iTRS Number Administrator

- Rolka/Loube anticipates processing files twice daily during 60-day window when providers are to submit all existing user and device TDNs for registration
- After existing users and device submission process has closed and the FCC instructs Neustar to initiate the All Call Query, Rolka/Loube is prepared to process every hour.

### Billing and Collections Upgrades

- The FCC has issued 2 RFIs regarding billing and collections for the iTRS Fund and NANP over the past year.
- Rolka/Loube responded to both identifying plans to expand electronic invoice processing platform, improve geographic outreach in connection with the data warehouse and identify the market areas of the certified service providers as well as areas of penetration/coverage deficiency.
- Rolka/Loube identified 14 economies and efficiencies that could be gained by combining billing and collections among the Administrators.
- It is expected that the new RFP will be issued and completed by the end of the Rolka/Loube contract that will expire in July 2018.

### Improving D/R & Security

- As Rolka/Loube gets more personally identifiable information, it is even more important to improve the security.
- 2017 Audit Program
  - FCC Financial Audit by Kearney
  - Independent Financial Audit of the TRS Fund by Maher Duesel
  - IPERIA
  - Internal controls audit addressing risk and fraud by McKonly and Asbury

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### A Data Warehouse

- Is intended to house a series of data bases.
- Call detail records data has been consolidated into a data warehouse where it can be used relating to the URD to provide greater insight into the program
- A CPA with fraud detection experience has been hired.

### Planning for the next budget cycle

- Rolka/Loube analyzed 8 pricing options for IP CTS. The subcommittee is analyzing data and evaluating the options and will make a recommendation to Rolka/Loube
- January 2018 – distribute MARS data collection forms to each State program and Cost Collection forms to each IP provider
- February 2018 – collect the complete data and begin analysis
- April 2018 – Advisory Council Meeting
- May 1, 2018 – Recommendation to the FCC

### New Business

Ron Bibler moved that the Council form an IPCTS working group to address IPCTS issues. There was a second from Zainab. A concern was expressed about subcommittee member access to confidential information given the ability to change roles in the industry. One person may not be a competitor today but is hired sometime in the future. The council recognized the concern but concluded that the non-disclosure agreements should provide the necessary protection. The motion carried.

Zainab moved that the Council encourage the Commission to revisit the issue of compensation or other incentives for the three trials proposed in the VRS order in light of the fact that no providers have volunteered for the trials and that the commission extend the trial period and offer compensation at the emergent tier rate to participating providers. There was a second from Brenda. The motion passed with one abstention.

Zainab moved that two members who have reached their term limits be extended for one more year. There was a second from Shannon. After discussion, Zainab amended the motion to read that two members who have reached their term limits be extended for one more year pending the outcome of the research of the FCC order. There was a second from Shannon to the amendment. The amendment passed. The motion passed as amended.



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Jeff moved that the Spring meeting be held in Lancaster, Pennsylvania on April 5<sup>th</sup> and 6<sup>th</sup> and that the Fall meeting be held in Minneapolis, MN on September 8<sup>th</sup> and 9<sup>th</sup>. There was a second from Brenda. The motion passed.

Dave Rolka mentioned that the council may want to look at the line item for the council budget. It has never been reviewed since Rolka/Loube took over as fund Administrator. It was suggested that this be reviewed at the April meeting.

Public Comment:

Lise Hamlin - As an IPCTS user Ms. Hamlin wanted to point out that there are a lot of IPCTS users who are highly dependent on IPCTS and noted that the increase in volumes is likely due to the aging baby boomer population. Lise Hamlin asked if the new IPCTS subcommittee would consult with non-committee members. After a short discussion, the committee concluded that input would be welcome but non-committee members could not have access to confidential data.

David Weiss – Mr. Weiss applauded the FCC's efforts in bringing Direct Video Service (DVS) to the FCC and other public agencies and encourages the private sector to also adopt DVS.

The meeting was adjourned at 2:58 pm.

Appendix E

TRF Fund	PROJECTION July 2017 - June 2018												Year End TOTAL
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	
PRIOR BALANCE	\$179,986,745.86	\$191,722,452.90	\$203,057,214.40	\$209,612,602.70	\$213,081,443.58	\$217,673,198.36	\$218,899,071.90	\$222,281,408.44	\$222,152,185.76	\$217,791,050.99	\$219,595,659.12	\$214,246,359.58	\$214,246,359.58
CONTRIBUTIONS RECEIVABLES													
	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$109,964,425.67	\$1,319,573,107.99
PAYMENTS	\$ (98,266,218.63)	\$ (98,667,164.16)	\$ (103,446,537.37)	\$ (106,533,084.78)	\$ (105,410,170.89)	\$ (108,776,052.13)	\$ (106,619,589.12)	\$ (110,131,148.35)	\$ (114,363,060.43)	\$ (108,197,317.54)	\$ (115,351,225.21)	\$ (114,539,812.76)	(\$1,290,301,381.37)
REFUNDS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INTEREST INCOME	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$450,000.00
BALANCE	\$191,722,452.90	\$203,057,214.40	\$209,612,602.70	\$213,081,443.58	\$217,673,198.36	\$218,899,071.90	\$222,281,408.44	\$222,152,185.76	\$217,791,050.99	\$219,595,659.12	\$214,246,359.58	\$209,708,472.48	\$209,708,472.48
cumulative Accrual for VRS Withheld minutes													
Cumulative Accrual for IP withheld minutes													
Accrual for NDBEDP													
As Reported July 2017 - June 2018													
TRF Fund	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Year End TOTAL
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Year End TOTAL
PRIOR BALANCE	\$179,986,745.86	\$177,855,851.56	\$190,900,848.87	\$211,972,834.50	\$197,491,891.02	\$206,052,830.25	\$220,184,082.76	\$203,794,417.05	\$199,687,104.35	\$180,270,388.49	\$180,270,388.49	\$180,270,388.49	
CONTRIBUTIONS RECEIVABLES	\$96,139,975.73	\$110,728,787.83	\$125,250,771.23	\$89,407,850.30	\$112,511,123.39	\$126,052,419.01	\$91,742,397.29	\$106,462,753.15	\$102,841,204.66				
PAYMENTS	(\$98,356,942.79)	(\$97,774,379.93)	(\$103,896,390.81)	(\$104,025,713.21)	(\$104,083,646.51)	(\$112,061,087.27)	(\$108,283,126.24)	(\$110,681,181.04)	(\$122,449,011.04)				
REFUNDS	\$0.00		(\$396,947.42)	\$0.00	(\$8,539.53)	\$0.00	\$0.00	(\$88,989.79)	(\$6,466.21)				
INTEREST INCOME	\$86,072.76	\$90,589.41	\$114,552.63	\$136,919.43	\$142,001.88	\$139,920.77	\$151,063.24	\$200,104.98	\$197,556.73				
BALANCE	\$177,855,851.56	\$190,900,848.87	\$211,972,834.50	\$197,491,891.02	\$206,052,830.25	\$220,184,082.76	\$203,794,417.05	\$199,687,104.35	\$180,270,388.49	\$180,270,388.49	\$180,270,388.49	\$180,270,388.49	\$179,986,745.86
cumulative Accrual for VRS Withheld minutes	(\$11,738.25)	(\$23,189.83)	(\$10,742.75)	(\$203,764.81)	\$168,781.82	(\$40,013.31)	(\$50,402.66)	(\$69,794.21)	(\$64,240.01)				(\$315,703.80)
Cumulative Accrual for IP withheld minutes	(\$0.26)	\$0.00	\$22,149.51	(\$62.48)	\$32,549.23	\$25,791.35	\$35,246.90	\$0.26	\$0.00				(\$0.92)
Accrual for NDBEDP PY 4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$959,975.46
Accrual for NDBEDP PY 5	(\$89,598.32)	(\$458,064.77)	(\$1,434,468.02)	(\$463,837.52)	(\$397,111.40)	(\$5,881.69)	(\$4,571.08)	\$0.00	(\$10,621.83)				\$1,002,197.59
Accrual for NDBEDP Perm	\$0.00	\$0.00	\$0.00	\$0.00	(\$37,563.93)	(\$1,338,168.72)	(\$734,635.65)	(\$5,735.06)	(\$1,897,023.55)				\$5,986,873.09
Accruals for IP CTS	\$101,260.89	\$62,634.50	\$68,550.74	\$86,130.08	\$337,393.68	(\$6.61)	(\$321,981.65)	(\$161,006.30)	(\$195,895.64)				(\$678,918.21)
Revenue variance	-\$13,824,449.94	\$764,362.16	\$15,286,345.56	-\$20,556,575.37	\$2,546,697.72	\$16,087,993.34	-\$18,222,028.38	-\$3,501,672.52	-\$7,123,221.01	-\$109,964,425.67	-\$109,964,425.67	-\$109,964,425.67	
Expense variance	-\$90,724.16	\$892,784.23	-\$449,853.44	\$2,507,371.57	\$1,326,524.38	-\$3,285,035.14	-\$1,663,537.12	-\$550,032.69	-\$8,085,950.61	\$108,197,317.54	\$115,351,225.21	\$114,539,812.76	
Balance variance	-\$13,866,601.34	-\$12,156,365.53	\$2,360,231.80	-\$15,589,552.56	-\$11,620,368.11	\$1,285,010.86	-\$18,486,991.39	-\$22,465,081.41	-\$37,520,662.50	-\$39,325,270.63	-\$33,975,971.09	-\$29,438,083.99	



# 2018-2019 Rates & Demand Forecasts

4-6-2018

# Road Map

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- MARS-based Services
  - Rate Development Process
  - Current versus Proposed Rates / Demand Table
  - Demand Trend Charts
- IP CTS
  - Cost Trends
  - Demand Trend
- IP Relay
  - Demand Trend
  - Rate Proposal
- Video Relay Service
  - Cost Trends
  - Demand Trend
  - Rate Alternatives
- Fund Requirement

# MARS Based Rate Calculation

State	Rate per minute	Payment Basis	Intrastate Conversation Minutes	Intrastate Session Minutes	Total
A	\$1.26	CM	860,269	1,529,497	\$1,083,939
B	\$0.85	SM	141,312	189,595	\$161,156
C		-	57,071	85,455	
D	\$1.30	CM	926,051	1,466,050	\$1,203,860
Other costs					\$200,000
Total/Rate	\$1.33		1,984,703		\$2,648,955

# MARS Based Rate Calculation I

---

- Traditional TRS and Speech to Speech done together

• Total Intrastate Payments per minute compensation	\$15,303,343
• Other Costs Paid to Providers	\$627,585
• Total Intrastate Conversation Minutes	6,267,585
• Per Minute Rate for Traditional TRS	\$3.2592
• Per Minute Speech to Speech Outreach Additive	\$1.1310
• Per Minute Rate for Speech to Speech	\$4.3902

# Mars Based Rate Calculation II

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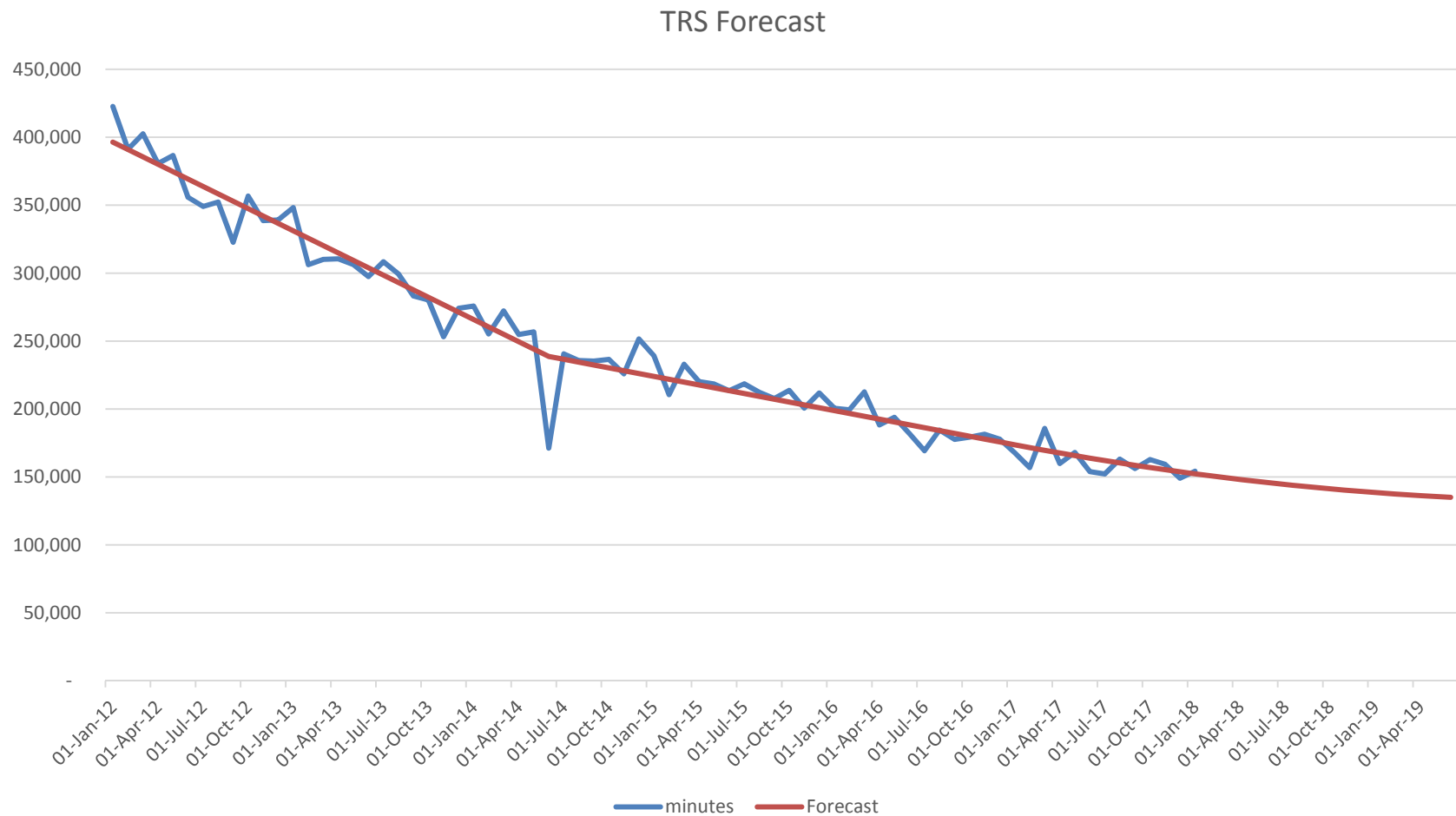
- Caption Telephone and IP Caption Telephone
  - Total Intrastate Payments per minute compensation \$30,079,568
  - Other Costs Paid to Providers \$197,914
  - Total Intrastate Conversation Minutes 15,133,253
  - Per minute rate for Caption Telephone Services \$2.0007

# MARS Based Services Tariff Year Fund Requirement

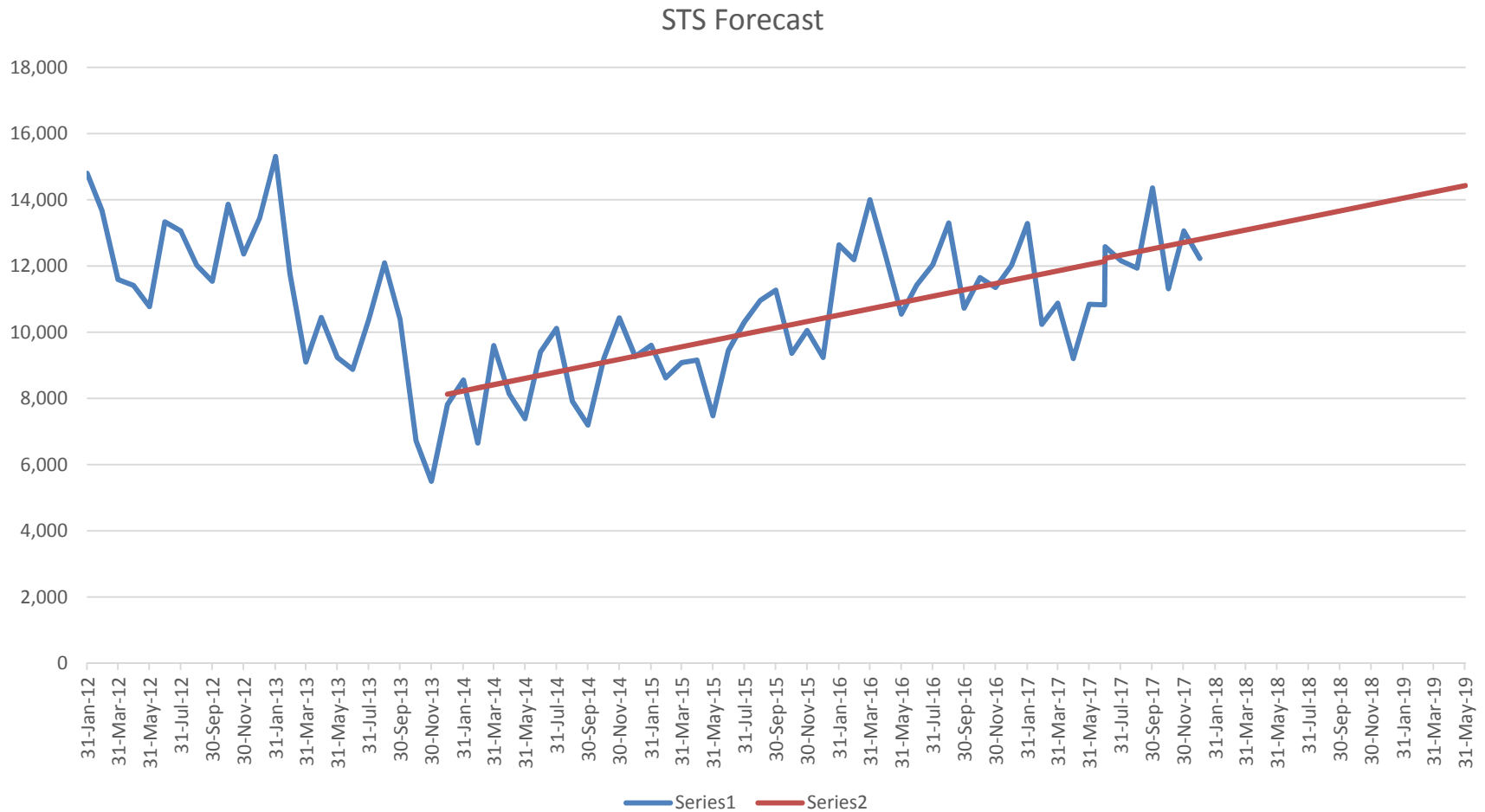
	May 1, 2017 filing				May 1, 2018 Filing		
<u>Service</u>	<u>Demand</u>	<u>Rate</u>	<u>Fund Rqmt</u>		<u>Demand</u>	<u>Rate</u>	<u>Fund Rqmt</u>
Traditional TRS	1,890,140	\$2.9186	\$5.3 m.		1,671,046	\$3.2592	\$5.5 m.
Speech to Speech	160,112	\$4.0496	\$648,390		166,850	\$4.3902	\$732,503
Caption Telephone	4,290,592	\$1.9467	\$8.4 m.		3,822,058	\$2.007	\$7.6 m.
IP Caption Telephone	402,308,884	\$1.9467	\$783 m.		521,149,519	\$2.007	\$1,042 m.
Total	408,568,728		\$797.5 m.				\$1,055.8



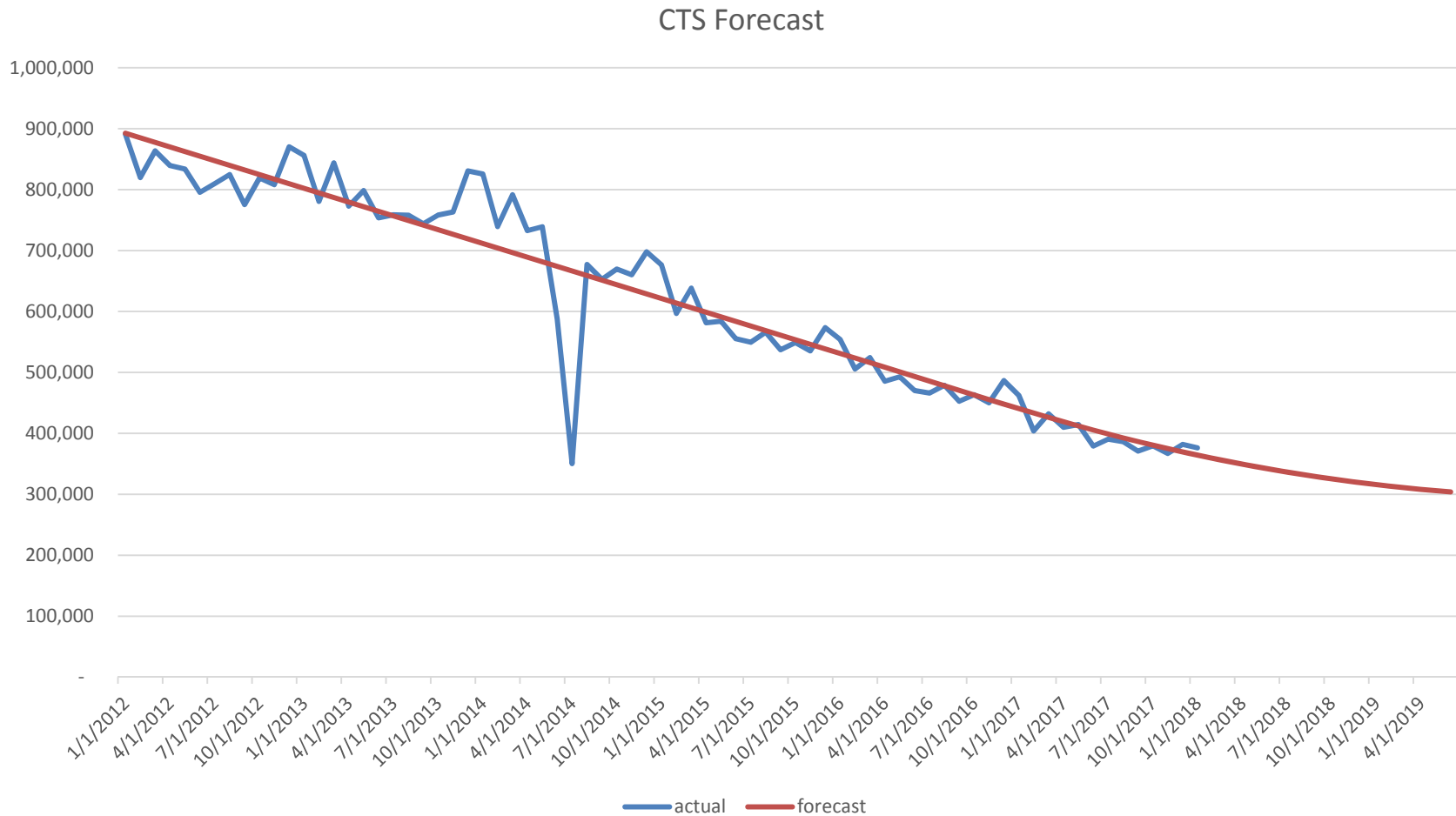
# TRS Forecast



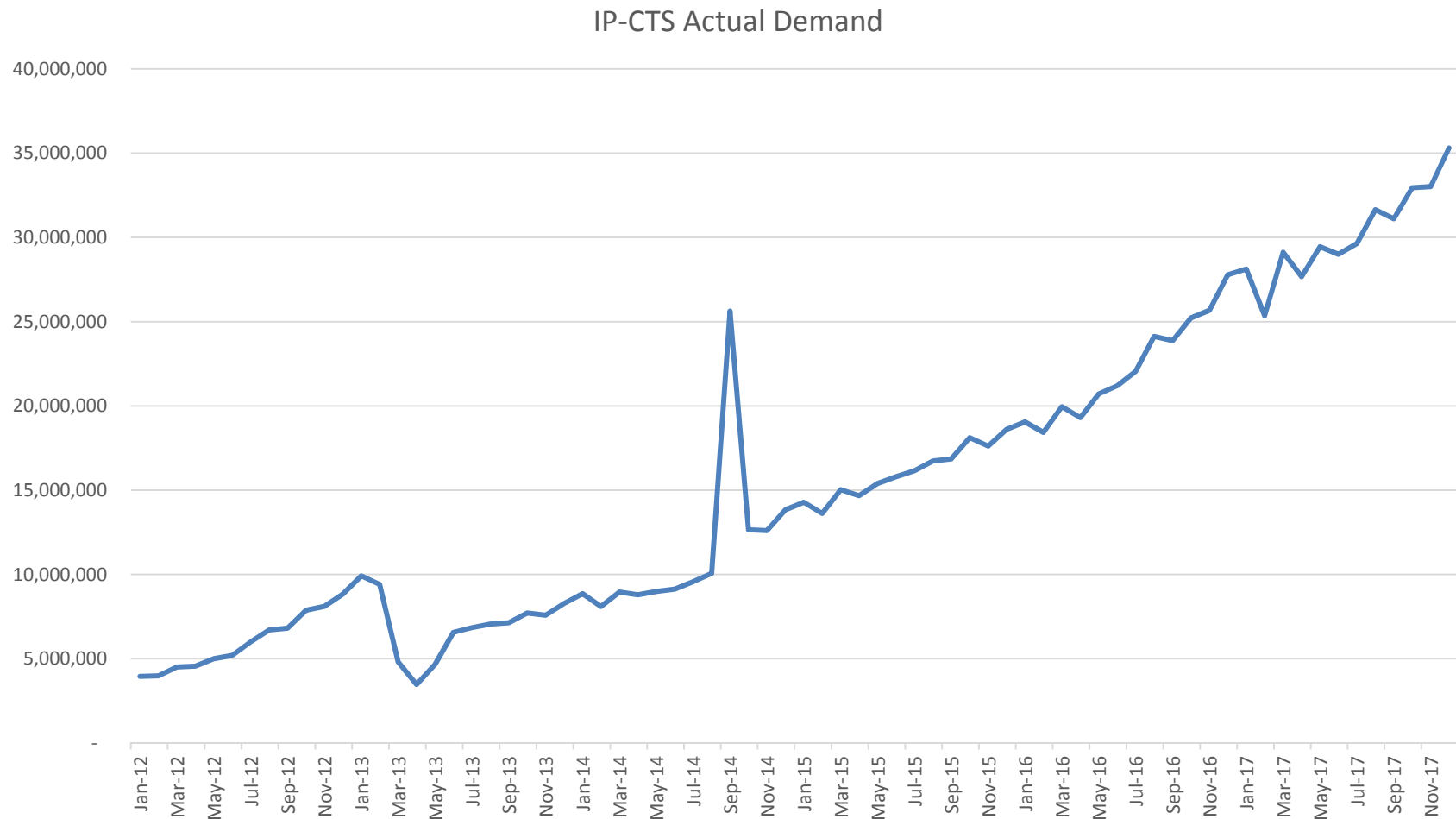
# STS Forecast



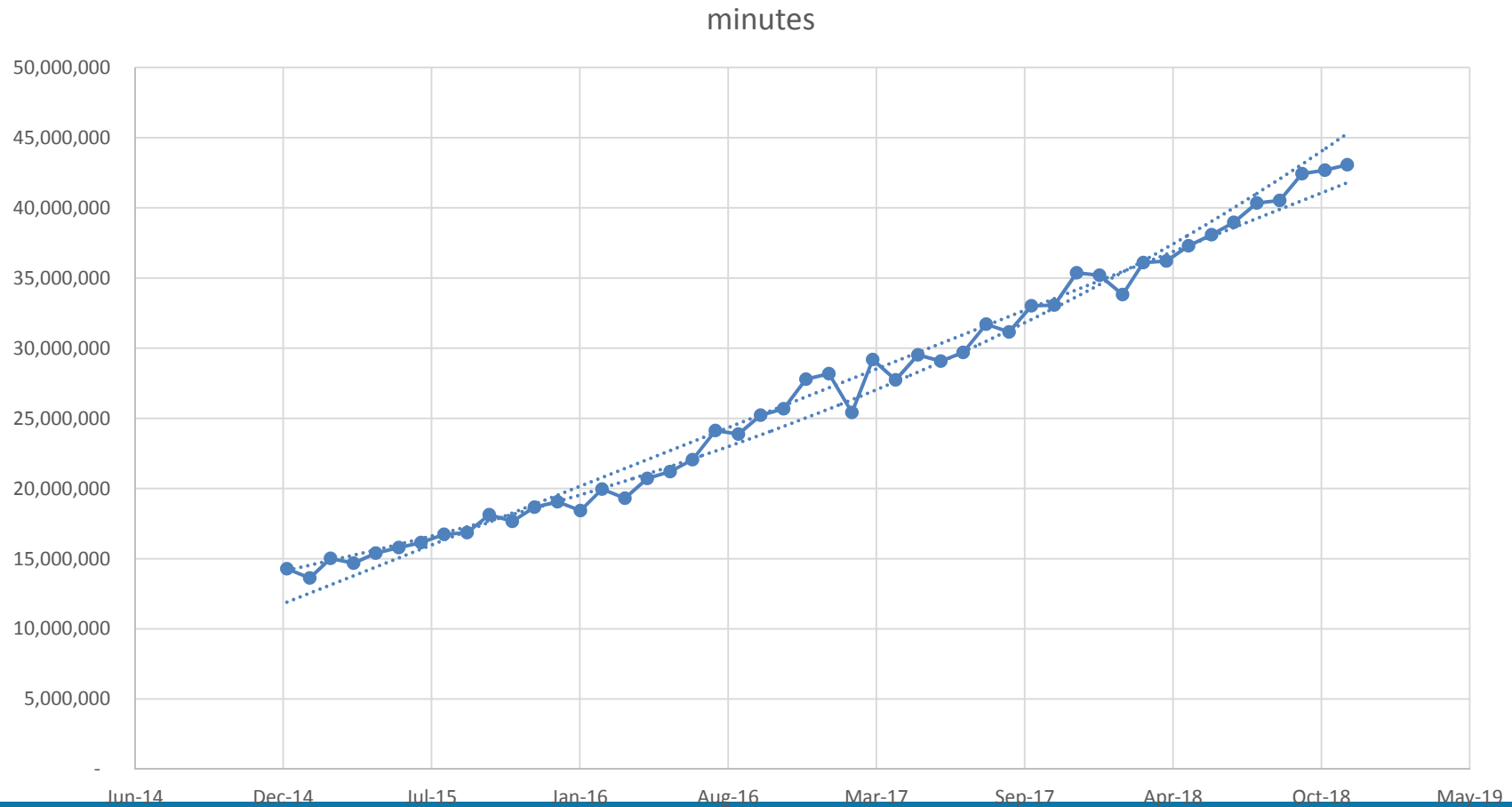
# CTS Forecast



# IP-CTS History of Demand

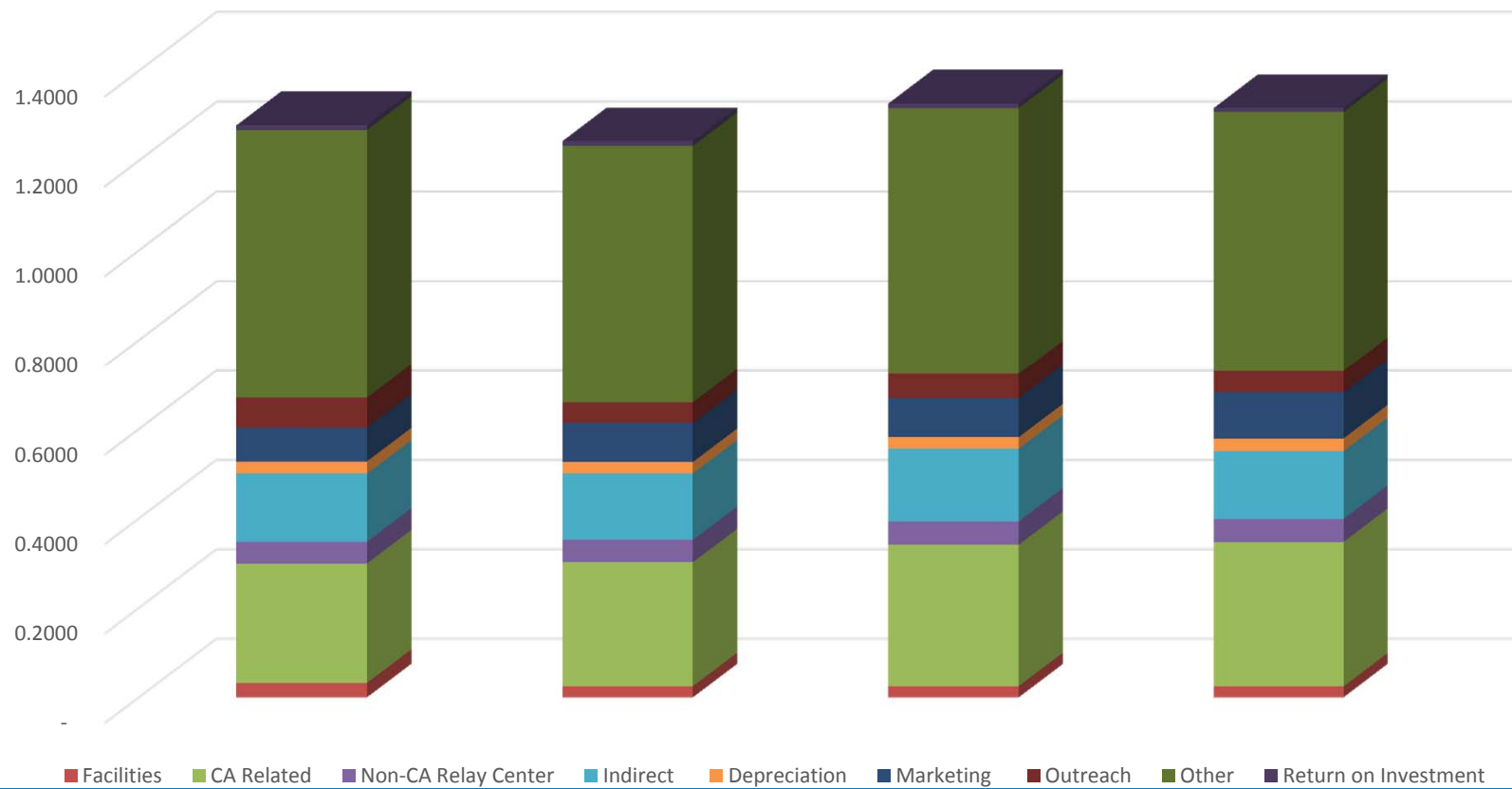


# IP-CTS Providers' Forecast



# IP-CTS Costs

IP-CTS Cost Trends:2016-2019



# IP-CTS Data

Category	2016	2017	2018	2019
Facilities	0.0322	0.0249	0.0253	0.0243
CA related	0.2672	0.2771	0.3160	0.3221
Non-CA Relay Center	0.0487	0.0500	0.0521	0.0513
Indirect	0.1520	0.1487	0.1626	0.1518
Depreciation	0.0276	0.0254	0.0259	0.0285
Marketing	0.0759	0.0869	0.0879	0.1028
Outreach	0.0668	0.0466	0.0543	0.0494
Other	0.5981	0.5730	0.5932	0.5771
Return on Investment	0.0106	0.0109	0.0100	0.0091
Total Cost	1.2790	1.2435	1.3272	1.3175

# IP-CTS: Variation in Cost and Operating Margin

- For the calendar years 2016 to 2019, providers' cost estimates ranged from \$2.0285 to \$0.8859
- For the Tariff Year 2018-2019 based on a MARS rate of \$2.0007 per-minute providers' operating margins ranged from 12% to 53%
- These estimates are based on the providers' reported actual and projected costs and minutes



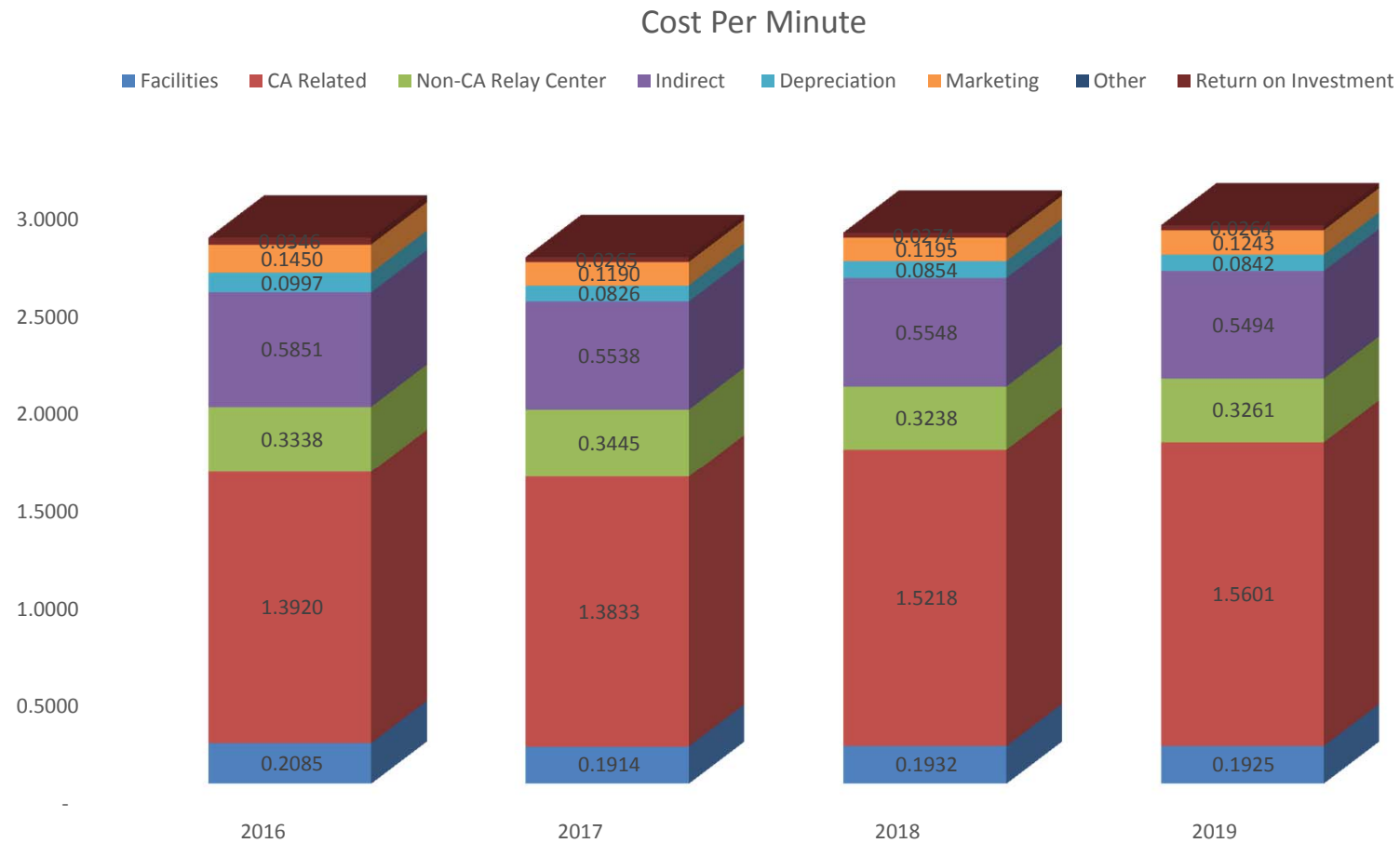
# Video Relay Service: Current Tiers and Rates

Tier	2018-2019 rate year ( per minute rate)
Emergent: less than 500,000 per month	\$5.29
I: 0-1 million minutes per month	\$4.82
II: 1-2.5 million minutes per month	\$3.97
III: more than 2.5 million minutes per month	\$2.83

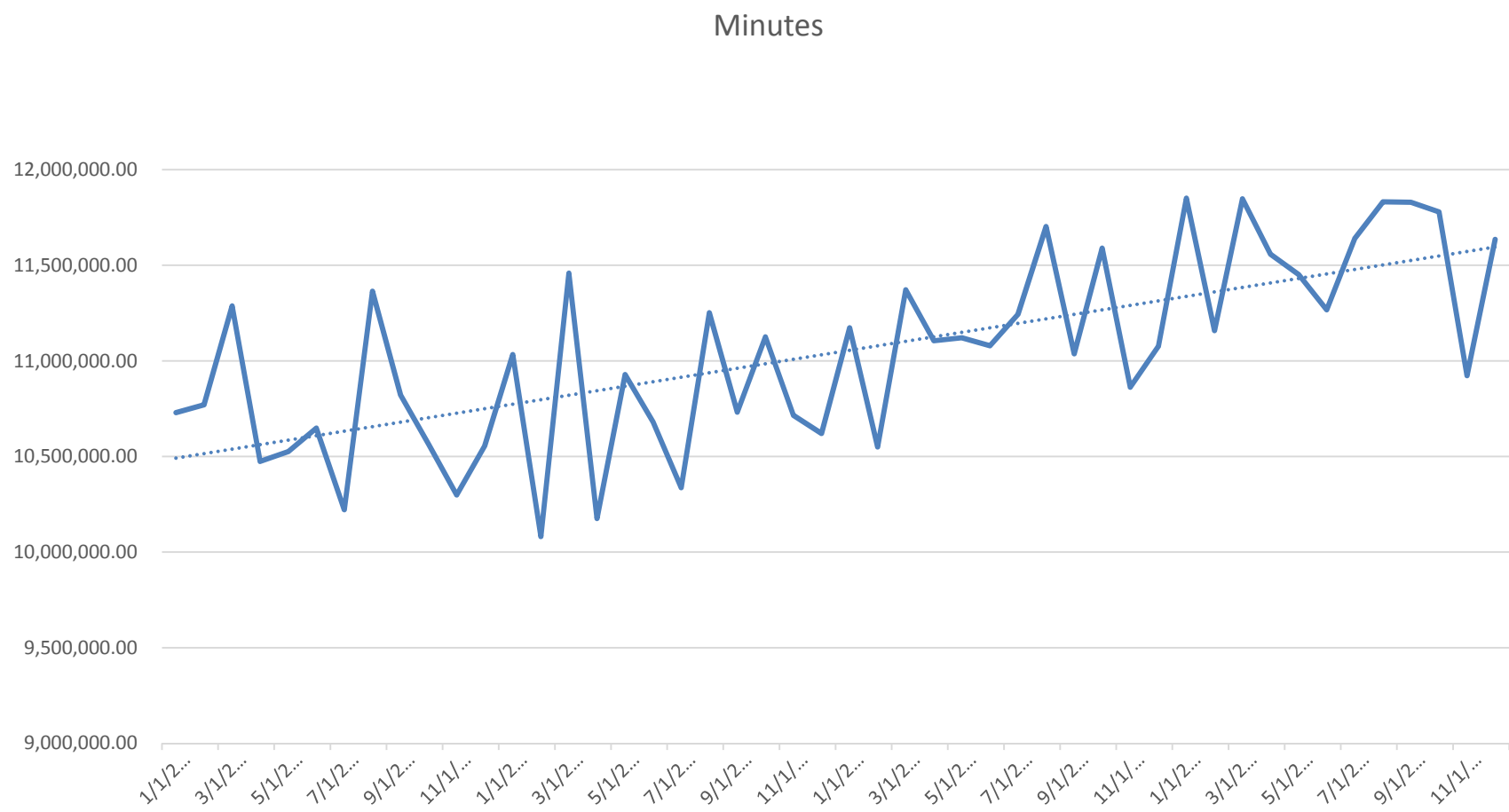
# VRS Cost Per-Minute Data

Category	2016	2017	2018	2019
Facilities	0.2085	0.1914	0.1932	0.1925
CA Related	1.3920	1.3833	1.5218	1.5601
No-CA Relay Center	0.3338	0.3445	0.3238	0.3261
Indirect	0.5851	0.5538	0.5548	0.5494
Depreciation	0.0997	0.0826	0.0854	0.0842
Marketing	0.1450	0.1190	0.1195	0.1243
Other	0.0	0.0	0.0	0.0
Return on Investment	0.0346	0.0265	0.0274	0.0264
Total	2.7986	2.7011	2.8259	2.8630

# VRS Cost Per-Minute



# VRS Forecast



# VRS Operating Margins for the Tariff Year 2018-2019

- The industry average operating margin is projected to be 22.0%. The highest operating margin is projected to be 37.48%.
- The operating margins are based on the authorized rates and the providers' projected costs and minutes.

# VRS Budget Year Revenue

Tier	May 2018 - June 2018			July 2018 – April 2019		
	Demand	Rate	Revenue	Demand	Rate	Revenue
Emergent	766,498	\$5.29	\$4,054,773	4,081,205	\$5.29	\$21,589,567
Tier I	5,790,073	\$4.82	\$27,908,150	29,672,732	\$4.82	\$143,022,569
Tier II	3,417,136	\$3.97	\$13,566,029	16,448,126	\$3.97	\$65,299,061
Tier III	12,226,035	\$3.21	\$39,245,572	63,723,339	\$2.83	\$180,337,049
Total	22,199,741		\$84,774,524	113,925,402		\$410,248,254
		Total \$495,022,778				

# TRS Budget Year Fund Requirement

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• MARS Based Services w/o IP CTS	(\$14.624M)	\$13,892,433
• IP CTS at MARS Rate	(\$748,315,582)	\$998,704,729
• IP-Relay	(\$7,750,396)	\$8,021,918
• VRS	(\$493,694,580)	\$495,022,778
• Other Admin.	(\$24,098,800)	\$24,798,800
• Other 2 Month reserve	(\$210,731,000)	\$252,607,000
• 2018-2019 Total Fund Estimate		\$1,793,047,657
• 2017-2018 Fund Size		\$1,499,214,302



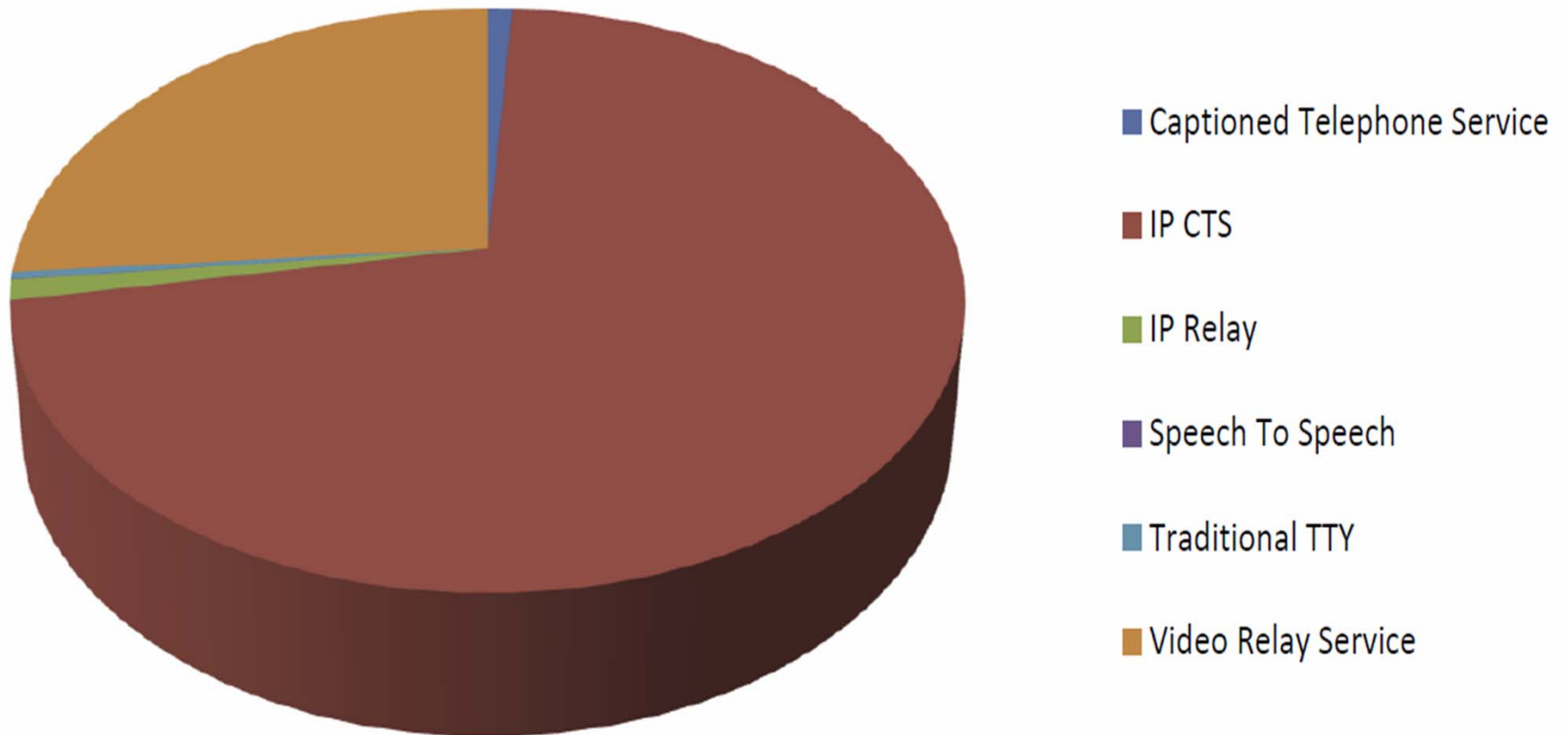
# IP CTS Panel Discussion

Golden Colorado Sept. 8, 2017

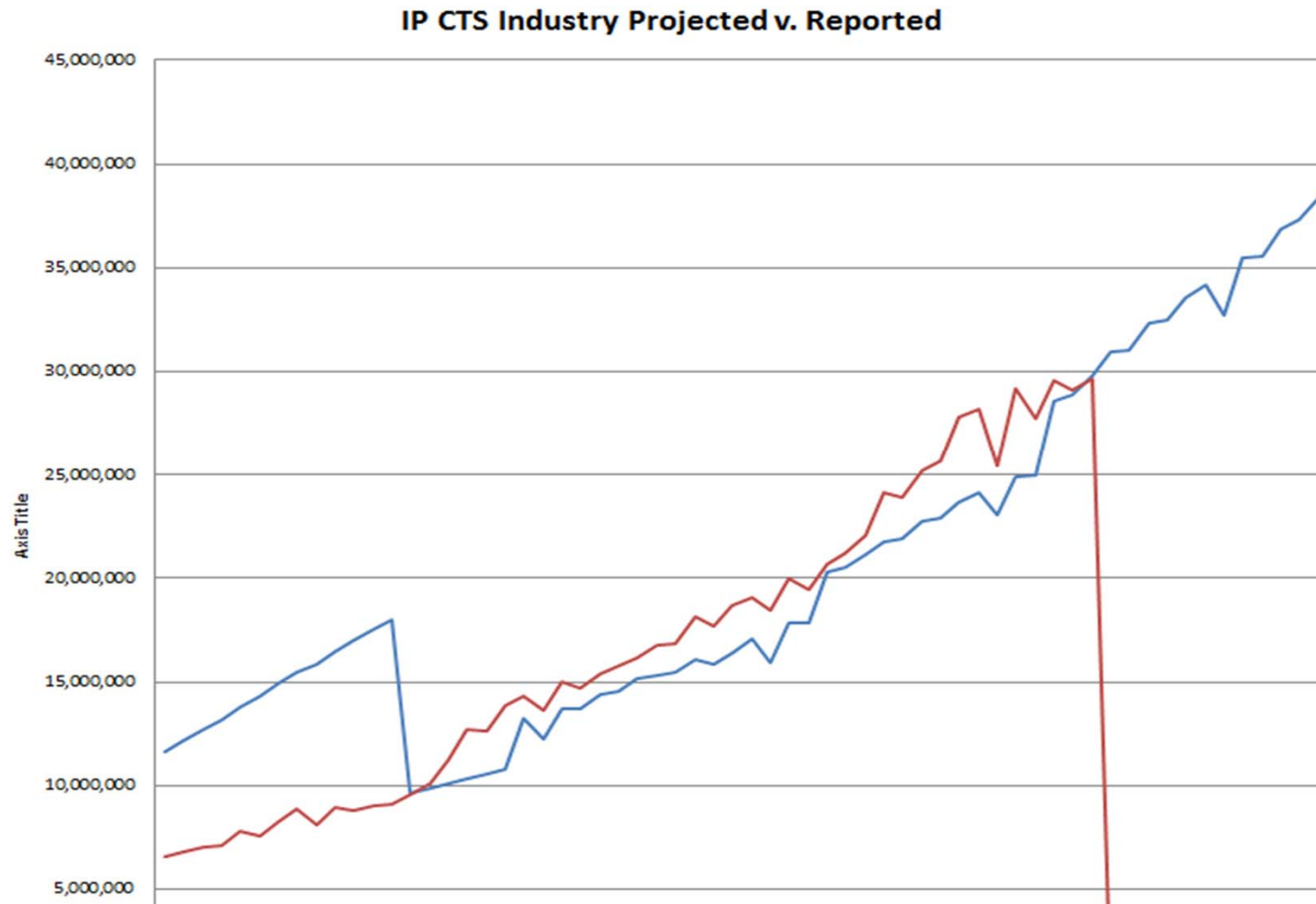


# Overall Demand Shares

Total Minutes Paid in July 2017



# IP CTS Demand Trend



# Why Present Options?

Category	Reported and Projected											
	As reported in 2013		As reported in 2014		As reported in 2015		As reported in 2016		As reported in 2017		As projected for 2017-18	
	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2017	2018
Facilities	\$ 0.0095	\$ 0.0307	\$ 0.0307	\$ 0.0620	\$ 0.0619	\$ 0.0448	\$ 0.0501	\$ 0.0387	\$ 0.0386	\$ 0.0326	\$ 0.0307	\$ 0.0304
CA Related	\$ 0.0616	\$ 0.2225	\$ 0.2225	\$ 0.3833	\$ 0.3828	\$ 0.2536	\$ 0.2796	\$ 0.2865	\$ 0.2819	\$ 0.2672	\$ 0.3062	\$ 0.3314
Non-CA Relay Center	\$ 0.0326	\$ 0.0691	\$ 0.0670	\$ 0.0642	\$ 0.0620	\$ 0.0562	\$ 0.0601	\$ 0.0767	\$ 0.0559	\$ 0.0488	\$ 0.0498	\$ 0.0519
Indirect	\$ 0.2983	\$ 0.2215	\$ 0.2200	\$ 0.3083	\$ 0.3080	\$ 0.3246	\$ 0.3547	\$ 0.2751	\$ 0.2830	\$ 0.1529	\$ 0.1533	\$ 0.1350
Depreciation	\$ 0.0553	\$ 0.0617	\$ 0.0617	\$ 0.0676	\$ 0.0675	\$ 0.0499	\$ 0.0549	\$ 0.0397	\$ 0.0402	\$ 0.0275	\$ 0.0243	\$ 0.0202
Marketing	\$ 0.2103	\$ 0.1425	\$ 0.1435	\$ 0.1379	\$ 0.1344	\$ 0.0806	\$ 0.0738	\$ 0.0579	\$ 0.0579	\$ 0.0759	\$ 0.0787	\$ 0.0770
Outreach	\$ 0.1087	\$ 0.1203	\$ 0.1206	\$ 0.1407	\$ 0.1405	\$ 0.0877	\$ 0.0935	\$ 0.0903	\$ 0.0903	\$ 0.0710	\$ 0.0656	\$ 0.0645
Other	\$ 1.2818	\$ 0.7753	\$ 0.8278	\$ 0.8206	\$ 0.8211	\$ 0.6909	\$ 0.7261	\$ 0.6259	\$ 0.6259	\$ 0.6101	\$ 0.5889	\$ 0.5691
Return on Investment	\$ 0.0259	\$ 0.0257	\$ 0.0257	\$ 0.0175	\$ 0.0175	\$ 0.0163	\$ 0.0242	\$ 0.0122	\$ 0.0124	\$ 0.0106	\$ 0.0097	\$ 0.0082
Total Report Cost	\$ 2.0840	\$ 1.6693	\$ 1.7195	\$ 2.0021	\$ 1.9957	\$ 1.6046	\$ 1.7171	\$ 1.5031	\$ 1.4863	\$ 1.2965	\$ 1.3071	\$ 1.2876
MARS Rate for the period	1.763	1.773	1.7877	1.8205	1.8895	1.9058	1.9467					
Average Cost Rate											1.2974	
Marginal Cost provider											1.72	
Average Variable Cost	\$ 1.3434	\$ 0.9978	\$ 1.0503	\$ 1.2039	\$ 1.2039	\$ 0.9445	\$ 1.0057	\$ 0.9124	\$ 0.9079	\$ 0.8773	\$ 0.8950	\$ 0.9005
Average Fixed Cost	\$ 0.7406	\$ 0.6715	\$ 0.6692	\$ 0.7982	\$ 0.7918	\$ 0.6601	\$ 0.7114	\$ 0.5907	\$ 0.5784	\$ 0.4192	\$ 0.4120	\$ 0.3872

# Planning for the Next Budget Cycle

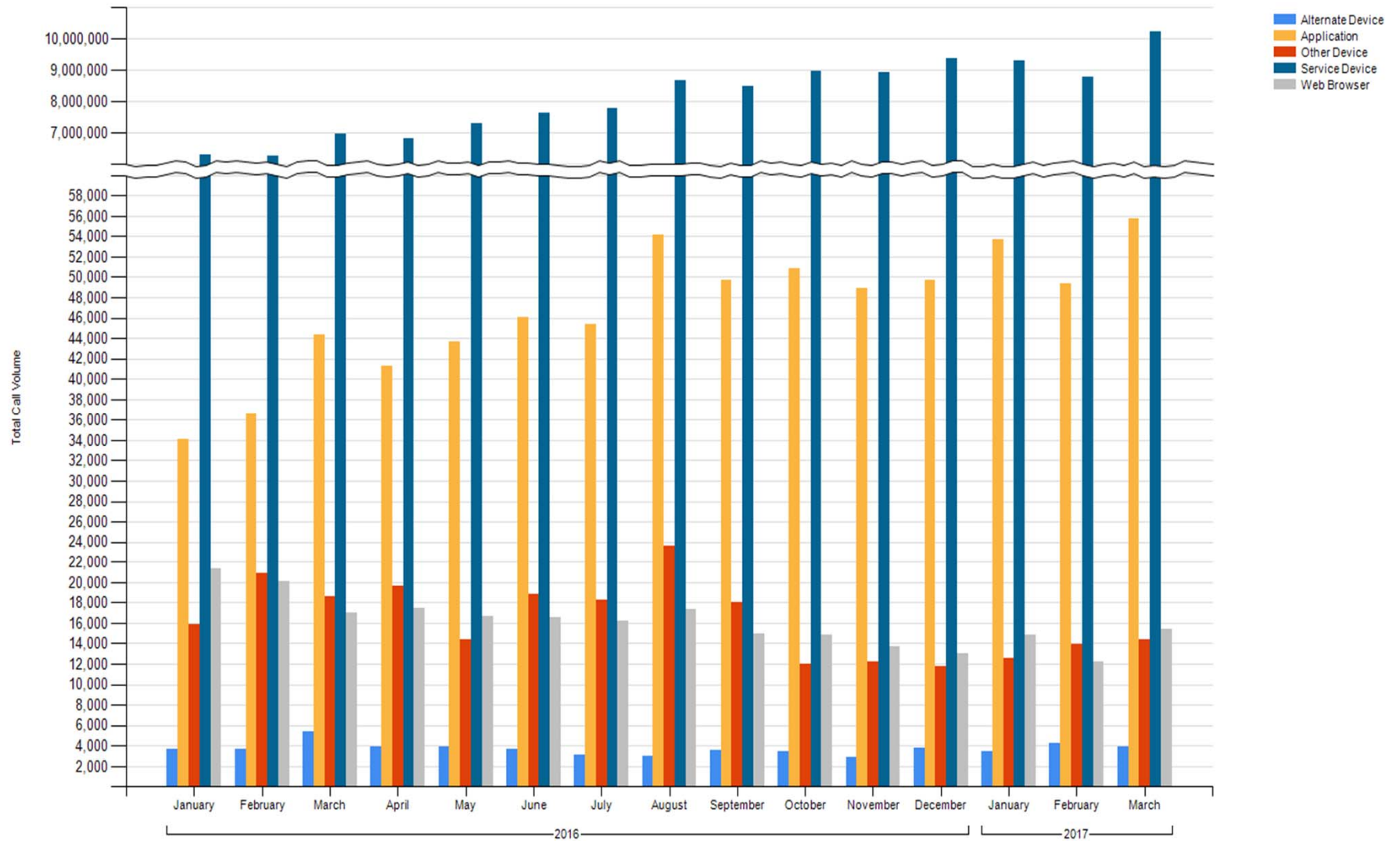
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- **RL analyzed eight pricing options for IP CTS:**
  1. Retaining the current MARS rate-making procedure;
  2. Setting the 2017-2018 tariff year rate at the industry average cost for 2016;
  3. Setting the 2017-2018 tariff year rate at the cost of a marginal provider;
  4. Establishing a four-year glide path where the rates decline from the current rate to the industry average cost for 2016.
  5. Establishing a four-year glide path with two tiers. Tier one rates decline from the current rate to the industry average cost for 2016 over four years. A Tier two rate would be based on the industry actual average variable cost for the previous year.
  6. Establishing a four-year glide path where the rates decline from the current rate to industry average cost for 2019.
  7. Set the rate for each provider individually based on the provider's cost of service.
  8. Make no change pending further comment and analysis by the Commission.

# Revenue Required By Option

		2017-2018 Rate	Tariff Year Fund Requirements	Program Year Fund Requirements
Option No. 1	MARS	\$1.9328	\$ 778	\$ 744
Option No. 2	Historical 2016 cost	\$1.2965	\$ 522	\$ 535
Option No. 3	above high cost provider	\$1.7200	\$ 692	\$ 674
Option No. 4	4 year glide path	\$1.7535	\$705	\$ 685
Option No. 5	Tier I	\$1.7535	\$ 510	\$ 529
	Tier II	\$0.8773	\$ 98	\$ 78
		subtotal:	\$ 608	\$ 607
Option No. 6	4 year glide path	\$1.7535	\$ 705	\$ 685
Option No. 7	Provider specific cost			

Technology Call Volume Over Time



# How Are the Calls Placed?

		Alternate Device		Other Device		Web Browser		Application		Service Device	
<b>Total</b>		<b>55,750</b>	<b>0.0%</b>	<b>245,065</b>	<b>0.2%</b>	<b>241,719</b>	<b>0.2%</b>	<b>703,525</b>	<b>0.6%</b>	<b>121,778,337</b>	<b>99.0%</b>
2017	March	3,892	0.0%	14,348	0.0%	15,370	0.0%	55,722	0.0%	10,241,452	8.3%
	February	4,269	0.0%	13,905	0.0%	12,215	0.0%	49,329	0.0%	8,795,253	7.1%
2016	January	3,431	0.0%	12,593	0.0%	14,884	0.0%	53,731	0.0%	9,319,086	7.6%
	December	3,841	0.0%	11,782	0.0%	13,046	0.0%	49,696	0.0%	9,381,866	7.6%
	November	2,917	0.0%	12,273	0.0%	13,661	0.0%	48,920	0.0%	8,942,915	7.3%
	October	3,421	0.0%	11,994	0.0%	14,860	0.0%	50,873	0.0%	8,956,620	7.3%
	September	3,530	0.0%	18,001	0.0%	15,013	0.0%	49,710	0.0%	8,480,902	6.9%
	August	3,012	0.0%	23,640	0.0%	17,305	0.0%	54,117	0.0%	8,663,117	7.0%
	July	3,148	0.0%	18,265	0.0%	16,207	0.0%	45,385	0.0%	7,787,767	6.3%
	June	3,676	0.0%	18,867	0.0%	16,540	0.0%	46,069	0.0%	7,619,383	6.2%
	May	3,889	0.0%	14,405	0.0%	16,717	0.0%	43,633	0.0%	7,273,693	5.9%
	April	3,960	0.0%	19,689	0.0%	17,490	0.0%	41,272	0.0%	6,810,453	5.5%
	March	5,409	0.0%	18,596	0.0%	16,961	0.0%	44,390	0.0%	6,954,925	5.7%
	February	3,696	0.0%	20,883	0.0%	20,077	0.0%	36,593	0.0%	6,258,197	5.1%
	January	3,659	0.0%	15,824	0.0%	21,373	0.0%	34,085	0.0%	6,292,708	5.1%

# One Month of Call Data

Technology	Caller	TRS TDN	Hearing TN	Call Counts	Reported Provider Minutes	Call Counts	% of call Count	Reported Provider Minutes	% of Reported Minutes
Web	DHH Party	TDN	TDN	38	578.7	3,816	0%	2,945	0%
Web	Hearing Party	TDN	TDN	5,622	40,067.5	9,255	0%	66,826	0%
Cap Phone	DHH Party	TDN	NO TDN	262,419	918,542.4	2,588,454	30%	7,093,223	24%
Cap Phone	DHH Party	TDN	TDN	1,460,469	5,735,206.1	1,778,286	21%	6,715,314	23%
Cap Phone	Hearing Party	TDN	NO TDN	166,182	500,298.7	1,717,191	20%	5,981,732	20%
Cap Phone	Hearing Party	TDN	TDN	2,155,865	8,227,318.0	2,454,072	28%	9,074,131	31%
Application	DHH Party	TDN	NO TDN	10	107.0	10	0%	107	0%
Application	DHH Party	TDN	TDN	1,667	10,911.3	13,781	0%	36,007	0%
Application	Hearing Party	TDN	NO TDN	21	5.7	21	0%	6	0%
Application	Hearing Party	TDN	TDN	21,790	99,264.8	45,942	1%	202,925	1%
Alternate Device	DHH Party	TDN	TDN	406	1,795.4	413	0%	1,811	0%
Alternate Device	Hearing Party	TDN	TDN	309	1,050.9	2,580	0%	12,980	0%
Total				8,613,821	29,188,008.2	8,613,821	100%	29,188,008.2	100%
						4,305,676	50%	13,075,068	45%



# Thank You

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- I will be glad to address questions.



**The 2017-2018 RolkaLoubé Report**

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## **Introduction**

RolkaLoubé provides an Annual Report to the Federal Communications Commission documenting information about the programs it administers on behalf of the FCC's Telecommunications Relay Service (TRS) programs. This is the first year, however, that we included the RolkaLoubé Report. We hope you enjoy learning about our company and how seriously we take our stewardship of the programs we administer and the work we do.

### **I. About RolkaLoubé**

RolkaLoubé serves as a neutral third-party administrator of trust funds established at the direction of utility regulators such as the Federal Communications Commission (FCC). Specifically, in its capacity as the Interstate Telecommunications Relay Service Fund Administrator (TRS), RolkaLoubé has developed customized database applications, which are capable of in-depth data analysis. These advanced technologies ensure that millions of monthly individual call detail records are vetted to determine whether the information submitted meets the legal criteria for compensation. Despite the complexity of the systems and procedures we employ, we strive to ensure our clients and program participants are well informed with a “no surprises” approach to communication.

RolkaLoubé's consulting group also offers a wide variety of public utility regulation services primarily focused on matters related to telecommunications accounting, pricing, and neutral administration of subsidy programs, as well as monitoring and advising the FCC regarding the administration of federal Universal Service Funds (USF). RolkaLoubé provides expertise in regulatory accounting and record keeping requirements to execute collections and distributions for federal and state telecommunications universal service programs, as well as, providing robust, tailored billing and collections services and financial management solutions.

The consulting group additionally provides expert testimony and services in the areas of utility ratemaking but generally limits those services to public advocates or regulatory agencies. The Consulting group regularly supports the work of the Federal-State Joint Board on Universal Service. While the consulting group may provide advice to telecommunications companies, it does not represent service companies in proceedings before regulatory agencies. To avoid any conflict of interest, RolkaLoubé also does not provide advice to companies seeking eligibility in a program for which RolkaLoubé has been selected as administrator.

RolkaLoubé's data analytics capabilities allow for the mining of large reservoirs of data to analyze potential patterns, anomalies, or activities to uncover fraudulent activities or, in the case of business intelligence, to enhance opportunities for efficiency.

Because these services often involve the use of personally identifiable information (PII), along with sensitive financial information, RolkaLoubé tightly secures its infrastructure and physical environment. Protection of data and information is vital in meeting our clients' business needs securely and completely.

We at RolkaLoubé are very proud of our successful zero-error rate under the requirements of the Improper Payments Elimination and Recovery Improvement Act of (IPERIA). RolkaLoubé has maintained this rating since becoming the Administrator of the interstate TRS Fund in 2011. Our work is also audited by internal and independent external auditors annually. Maintaining the integrity of our work is paramount to us and essential to properly serve our clients and to provide them with the highest quality work at a reasonable cost.

RolkaLoubé's staff is composed of highly skilled and specialized professionals experienced in public utility and administrative matters. We collectively incorporate over 150 years of senior regulatory and administrative government experience into our work. In addition, RolkaLoubé's two principals, David Rolka and Bob Loube, also have decades of high profile regulatory and administrative experience in the field of public utility regulation. This experience and ability accounts for the wide diversity of current and former clients we serve.

## **II. Interstate TRS Fund**

The TRS Fund is considered to be a component part of the FCC for audit purposes; therefore as the FCC undergoes an audit, RL is also audited. The primary focus of audits of the FCC which involve RL activities are the annual financial audit of the FCC which includes testing its information security and its IPERIA audit. These audits are in addition to the ones described below. Annually RL submits an audit plan for approval to the FCC addressing both internal and external auditing.

### **A. URD Background**

In response to the FCC's June 10, 2013 Video Relay Service (VRS) Reform Order FCC-13-82, Rolka Loube was engaged to create the internet TRS User Registration Database (URD), on April 7, 2015, to ensure the registration and identity verification, of persons residing within the United States and its territories, with hearing or speech disabilities qualifying them to receive federally funded Video Relay Service (VRS). The purpose of this Order was to eliminate waste, fraud and abuse and to improve the FCC's ability to efficiently manage the TRS program through the URD.

According to the Order, Providers (companies that provide these services) are required to register the users and devices and RL verifies the identity and residency of those users. To date, the URD applies only to users but a current Proposed Rulemaking by the Commission will soon include an effort to also register enterprise and publicly accessible devices.

Providers submit user registration data to RolkaLoubé which then sends each user registration to Lexis Nexis, a third party verifier, for confirmation of the registrants' identity. Another third party, Neustar then verifies that the associated ten digit video relay number (TDN) is listed in the URD. Each TDN, submitted with the user registration request, must be associated with a validated identity prior to acceptance into the URD. Once identity validation checks confirm the user's identity, a unique URD ID is assigned to each user. Registration is required to insure eligibility for provider reimbursement for TRS Services..

## **B. URD Facts**

- RolkaLoubé has been registering VRS users in the URD since January 2, 2018.
- As of 4/29/2018, RL successfully processed and registered:  
287,631 unique TDNs associated with 100,282 unique "head of household" identities and a 95.72% acceptance ratio
- Out of 310,938 TDNs submitted:
  - 0.98 % failed due to Filing Instruction Failures
  - 3.30% failed due to Identity Failures
  - 214 denied registrations were appealed
  - 129 Of the appeals were granted resulting in registration
  - 85 Of the appeals have been denied by RL
    - 76 of those can be appealed to the FCC, 26 have been.
    - 18 of those can be re-appealed to RL for reconsideration
- Initially the 60 day registration window was set to close on Feb 28th, 2018
- Two subsequent extensions have been granted by the FCC to bring users into compliance:
  - DA 18-196 - March 31, 2018
  - DA 18-324 - April 30, 2018
- As of 4/29/2018, RL estimates that approximately 23 thousand TDNs are associated with users that had not yet provided their consent to be identified, but those TDNs made (i.e. 102,729 minutes) less than 0.15% of the minutes generated in the recent 6 months of Call Detail Record (CDR) submissions. The number of non-consents continues to decline as the registration deadline approaches. TDNs that are not registered or in the process of being registered as of April 30, will not be eligible for reimbursable calls until they are registered.

## **III. IPERIA Compliance (2016-2017 Audit)**

Testing conducted by McKonly & Asbury identified of no improper payments. It should also be noted that the error rate was the absolute value of all erroneous payments during the program year July 1, 2016 – June 30, 2017, regardless of whether the payments were corrected. The calculated error rate for the testing period was 0.0000%. No unexplained

exceptions were noted and subsequently no improper payments were identified during the testing. The TRS Fund does not yet have a baseline error rate. The testing identified zero (0) improper payments resulting in no need for root cause analysis.

#### IV. Internal Risk Assessment (2016-2017 Audit)

Internal Risk Assessment (2016-2017) – performed by McKonly & Asbury, an independent external auditor conducts an annual independent evaluation to determine the effectiveness of the risk, fraud and information security program and practices used by RolkaLoubé. The FY 2017 Inspector General FISMA Reporting Metrics were used and completed by McKonly and Asbury. Their audit showed that, as of September 30, 2017, there were no significant deficiencies noted in the RolkaLoubé system of internal controls in place over the administration of the TRS Fund. There were no deficiencies in the system of internal controls that would not allow management or employees, in the normal course of performing their assigned duties, to prevent or detect misstatements in a timely manner. In addition, there were no reportable conditions or material weaknesses in the system of internal controls over financial reporting and improper payments.

As of September 30, 2017, the maturity level of the FISMA security requirements, based upon a design effectiveness review, were rated at the levels noted in the chart below with an overall maturity level of “Consistently Implemented” as reported to the FCC IT group in October 2017. RolkaLoubé continues to develop plans and implement improvements to meet the recommended maturity levels for each of the function areas. Subsequent annual audits will be performed by the independent auditor to confirm adequate implementation.

Table 1

Function	Maturity Level
1. Identify (Risk Assessment & Contractor Systems)	Consistently Implemented
2. Protect (Configuration Management)	Consistently Implemented
2. Protect (Identification & Authentication)	Consistently Implemented
2. Protect (Security Training)	Consistently Implemented
3. Detect (Information Security Continuous Monitoring)	Defined
4. Respond (Incident Response)	Adhoc
5. Recover (Contingency Planning)	Defined
<b>Overall</b>	<b>Consistently Implemented</b>

#### V. Financial Statements (2016-2017 Audit)

Annual independent financial statement audits are performed by a third party, Maher Duessel, in review of RolkaLoubé’s financial management of the TRS Fund. Only one finding was made, regarding the segregation of duties control within the Accounts Receivable (AR) system and processing. This is being addressed and remediated with the implementation of a new AR system to replace a legacy system.

## **VI. TRS Provider Audits (2016-2018)**

Annually RL submits an audit plan regarding audits of service providers for FCC approval. Those audits are conducted either in partnership with a third party or entirely by a third party selected by RL.

### **Relay Services Data Request (RSDR) - Cost Submission Audit**

A performance audit of the cost and cost allocation methodologies used for submission of the annual RSDR reports was performed for each internet-based service provider. Annually, RolkaLoubé provides written instructions to the TRS Providers regarding the data and format for submission of the annual RSDR reports. All items contained in the RSDR instructions are included within the scope of this audit. RSDR reports are submitted to RL in late February for costs incurred during the previous calendar year. For example, the 2014 RSDR submission for Sprint IP Relay was audited in 2015. The following year the 2016 audit incorporated follow-up on open items from the 2015 audit:

### **TRS Provider Certification Audits**

Commission Rules provide that internet-based TRS Providers submit documentation to the Commission showing how they will meet the requirements for the service. 47 C.F.R § 64.606(c)(2) provides for a five year provider certification period. The scope of the performance audits conducted by RL includes all TRS Providers of internet-based service. The audits include a risk assessment of the certification requirements of each TRS Provider. The highest risk certification requirements, identified in consultation with the Commission staff, are included in scope for the audit.

The following table identifies all TRS Providers subject to this audit. The certification audits were conducted using the documentation provided to the FCC for the upcoming certification period. In addition, a baseline audit was conducted for those TRS Providers which have a continuous certification. TRS Providers and services audited, and the timelines the audits were conducted are outlined in Table 2.



Table 2

TRS Provider	Year Audit Performed	Video Relay Service (VRS)	Internet Protocol Captioned Telephone Service (IP CTS)	Internet Protocol Relay Service (IP Relay)
ASL Services Holdings LLC ("ASL") (GraciasVRS)	2016-2017	X		
Convo Communications LLC ("Convo")	2016-2017	X		
CSDVRS	2017-2018	X		
Hamilton	2016-2017		X	
Purple Communications	2017-2018	X	X	
Sorenson	2017-2018	X	X	
Sprint	2016-2017		X	X

## VII. Do Not Pay

The Interstate TRS Fund began implementing the Do Not Pay check for all distributions effective 2/1/2018. The Do Not Pay portal is an additional secondary background check, which is run against all companies or individuals seeking to receive funds from the TRS Program, to ensure compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012. If money is owed to the federal government by a company or an individual, under certain circumstances, they are not eligible to receive compensation for TRS services and are flagged as Do Not Pay accounts.

## VIII. TRS Fund Financial Facts

During the first 9 months of the current Interstate TRS Fund Program Year, ended June 30, 2018 the Fund:

- Collected roughly \$961 million from Contributors
- Distributed roughly \$948 million to Providers in payment for services.
  - Of that amount, the breakdown per service was:
    - \$4 million for TRS Services and STS Services
    - \$7 million for Captioned Telephone System (CTS) Services
    - \$562 million for Internet Protocol Captioned Telephone System (IP CTS) Services
    - \$6 million for Internet Protocol (IP) Services
    - \$369 million for Video Relay Services (VRS)

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- Distributed roughly \$6.9 million to the National Deaf-Blind Equipment Program (NDBEP)

The Interstate TRS Fund timely reported all monthly and quarterly financial reports to the individuals responsible, and earned roughly \$1.3 million in interest on invested Treasury Bills

**Table 3 Collections and Delinquencies Data**

Program Year	# of Contributors	Total Revenue Billed	Total Sent to Treasury for collection	Percentage of Billings sent to Treasury for collection	
2016 - 2017	4,558	1,049,976,061	5,509,868	0.52%	For full year
2017 - 2018	4,722	1,193,824,675	4,510,140	0.38%	As of 3/31/18 (only 9 months of data)

**Table 4 Comparison of Cumulative Program Year-to-Date Reimbursements to Providers**

Category	Captioned Telephone Service	IP CTS	IP Relay	Speech to Speech	Traditional TTY	Video Relay Service	Total
PY 2017-2018 July - March	\$6,675,340	\$561,775,999	\$5,823,655	\$436,288	\$4,047,084	\$366,726,982	\$945,485,349
PY 2016-2017 July - March	\$8,033,610	\$415,491,709	\$5,418,242	\$392,012	\$4,109,325	\$378,121,999	\$811,566,895

Figure 1 Minutes of Service Current Program Year

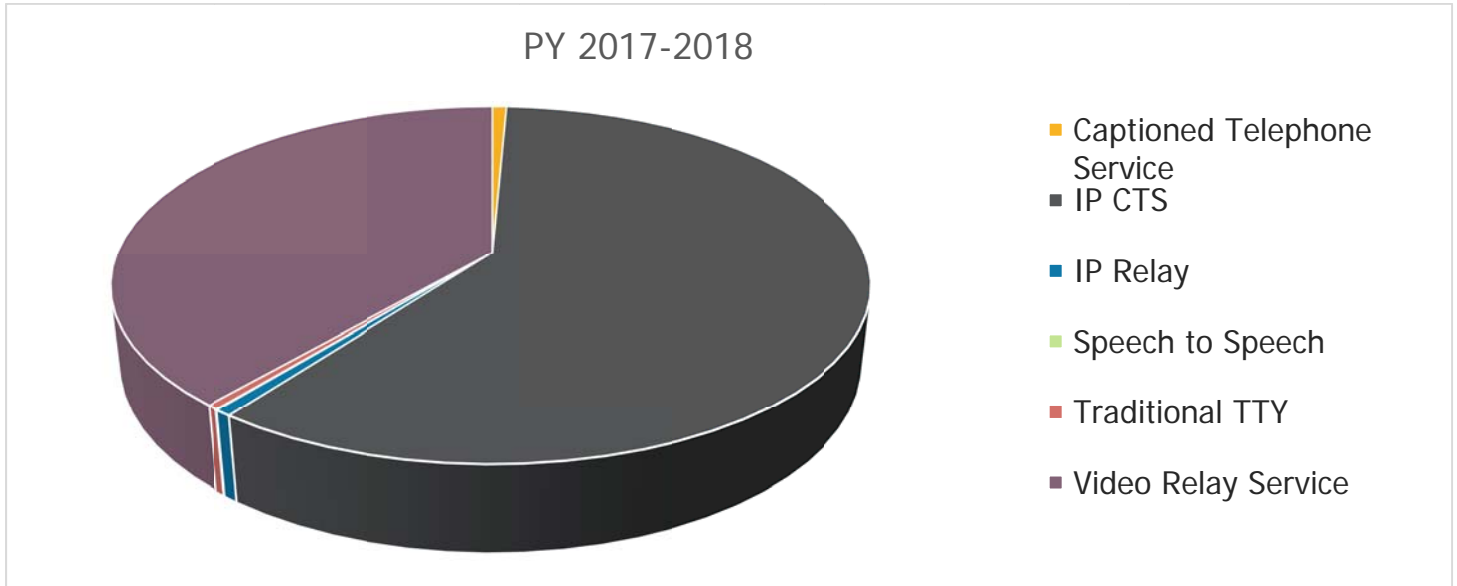
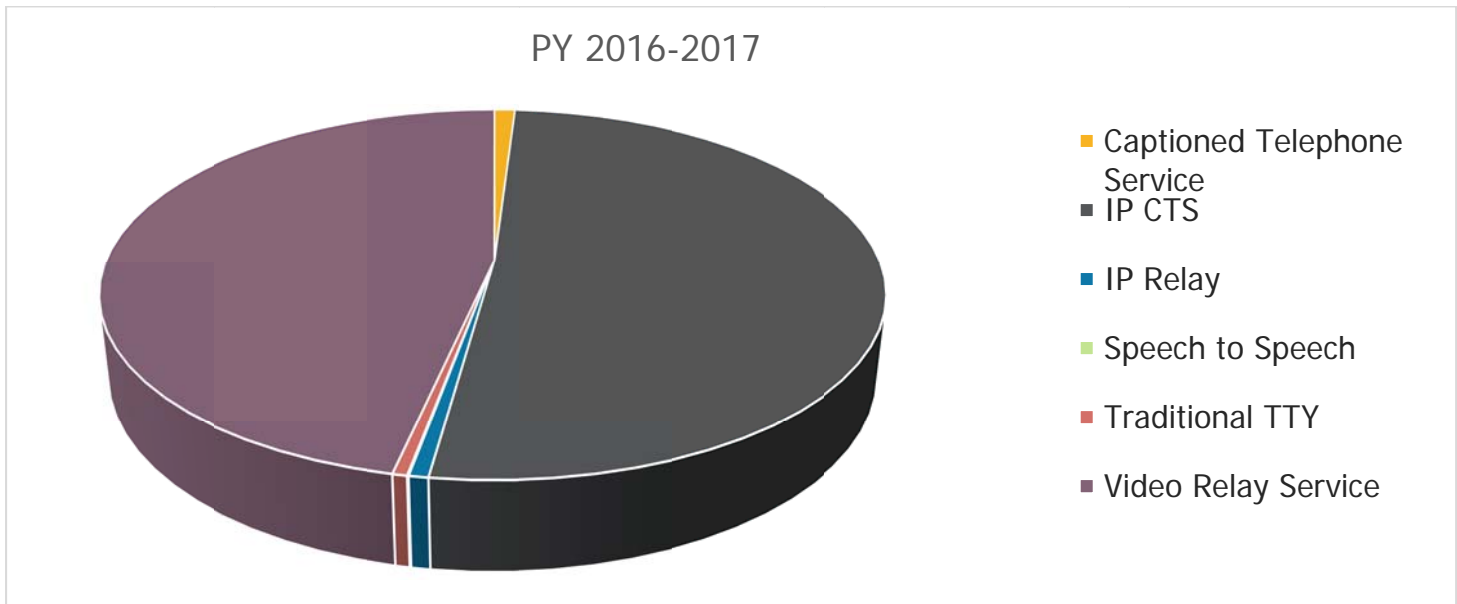


Figure 2 Minutes of Service Prior Program Year



## IX. National Deaf Blind Equipment Distribution Program

The FCC's Consumer and Governmental Affairs Bureau (CGB) implemented the National Deaf Blind Equipment Distribution Program (NDBEDP) as a Pilot program in July 2012. At that time RL was authorized to provide support for the administration of the program. On August 5, 2016, the Commission released a further Report and Order, FCC 16-101,

making changes to the program structure changing the designation from a pilot program to a permanent program.

The following changes were implemented once the NDBEDP became a permanent program by the FCC. The changes, listed below, were implemented by RolkaLoube to ensure the accurate reporting and distribution of equipment.

- Establish a tracking mechanism for training limited to 2.5% of the budgeted allocation per state, to include potential annotations regarding waivers of the cap. (Paragraph 118 of FCC 16-101)
- Establish a tracking mechanism for outreach limited to 10% of the budgeted allocation per state, to include potential annotations regarding waivers of the cap. (Paragraph 145 of FCC 16-101)
- Establish a tracking mechanism for preapproval of travel expenditures. (Paragraph 116 of FCC 16-101)
- Establish a mechanism for tracking and recording the history of allocation adjustments among states. (Paragraph 153 of FCC 16-101)
- Establish a mechanism to cap administrative reimbursements at 15% of the state allocation, and report excess claims to the Administrator. (Paragraph 165 of FCC 16-101)
- Update/modify the request for reimbursement filing instructions consistent with permanent program rule changes. (Paragraph 161 of FCC 16-101)

RL also upgraded its Legacy System to allow use of automated functions in SQL for improved processing of NDBEDP applications. This allowed automated upload for easier FCC access utilizing BOX.

## **X. TRS Fund Advisory Council**

As the Administrator of the TRS Fund, RolkaLoubé conducts two meetings of the TRS Fund Advisory Council (Council) each year. The Council requirements are set forth in 47 C.F.R. § 64.605. Pursuant to the regulation, the Administrator is to establish a non-paid advisory committee composed of persons from the hearing and speech disability community, TRS users (voice and text telephone), interstate service providers, state representatives, and TRS providers, which will meet at reasonable intervals (at least semi-annually) to monitor TRS cost recovery matters. The Council is currently composed of 13 representatives from the designated groups above. In addition to its role of monitoring provider cost recovery, the Council provides RL with valuable insight into the concerns and requirements of the communities of the represented membership and provides the member representatives with regular access to the Fund Administrator. In addition to the in-person semi-annual meetings of the Council, RL has initiated participation in scheduled monthly conference calls with the Council members regarding the status of the Fund and related developments and scheduled monthly conference calls with the service providers to address current topics.

At its most recent meeting, on April 6-7, 2018, Ron Bibler, representing TRS users was elected Chairman; Zainab Alkebsi, Esq. also representing TRS users was elected Vice-Chair; Brenda Kelly-Frey representing state relay administrators was elected 2<sup>nd</sup> Vice Chair and Shannon Smith representing the Deaf and Hard of Hearing Community was elected Secretary of the Council.

RL extends its appreciation for service to the Administrator and the Council to the outgoing Council leadership for an excellent job well done particularly with respect to cultivating engagement among the membership and with the Administrator regarding matters of importance to the beneficiaries of the service. The outgoing Chair, Mark Tauscher represents TRS Service providers; the outgoing Vice Chair, Ron Bibler, as noted above, represents Users; and the outgoing Secretary, Linda Vandeloop represents Fund contributors. The outgoing officers continue as invaluable members of the Council.

# Exhibit 1-1

TRS Data					STS Data					combined TRS + STS Rate		
rate	Conversation Minutes	Session Minutes	session or conversation	revenue	rate	Conversation Minutes	Session Minutes	session or conversation	revenue	Conversation Minutes	revenue	
\$ -	57,063.00	89,309.00	s	\$ -	\$ -		5.00	s	\$ -	57,063.00	\$ -	
\$ -	29,489.00	46,210.00	s	\$ -	\$ -	-	10.00	s	\$ -	29,489.00	\$ -	
\$ -	4,518.00	19,886.00	s	\$ -	\$ -	2.00	103.00	s	\$ -	4,520.00	\$ -	
\$ -	297,488.00	435,768.00	s	\$ -	\$ -	6,495.00	11,896.00	s	\$ -	303,983.00	\$ -	
\$ -	108,286.00	186,970.00	s	\$ -	\$ -	10,489.00	25,233.00	s	\$ -	118,775.00	\$ -	
\$ -	9,144.00	16,894.00	s	\$ -	\$ -	5.00	16.00	s	\$ -	9,149.00	\$ -	
\$ -	19,746.00	34,627.00	s	\$ -	\$ -	-	179.00	s	\$ -	19,746.00	\$ -	
\$ -	69,480.00	113,045.00	s	\$ -	\$ -	7,357.59	15,517.44	s	\$ -	76,837.59	\$ -	
\$ 0.80	102,367.00	191,968.00	s	\$ 153,574.40	\$ 0.80	346.00	594.00	s	\$ 475.20	102,713.00	\$ 154,049.60	
\$ 0.89	23,698.00	40,293.00	s	\$ 35,860.77	\$ 0.89	982.00	1,312.00	s	\$ 1,167.68	24,680.00	\$ 37,028.45	
\$ 0.97	176,024.00	317,853.00	s	\$ 308,317.41	\$ 0.97	8,564.00	17,532.00	s	\$ 17,006.04	184,588.00	\$ 325,323.45	
\$ 1.05	19,240.00	36,377.00	s	\$ 38,195.85	\$ 1.05	1,072.00	1,464.00	s	\$ 1,537.20	20,312.00	\$ 39,733.05	
\$ 1.05	4,530.00	9,076.00	s	\$ 9,529.80	\$ 1.05	30.00	65.00	s	\$ 68.25	4,560.00	\$ 9,598.05	
\$ 1.07	70,414.00	114,555.00	s	\$ 122,573.85	\$ 1.07		14.00	s	\$ 14.98	70,414.00	\$ 122,588.83	
\$ 1.09	504,424.00	1,141,277.00	s	\$ 1,243,991.93	\$ 1.09	14,297.00	23,436.00	s	\$ 25,545.24	518,721.00	\$ 1,269,537.17	
\$ 1.19	10,890.00	26,963.00	s	\$ 32,085.97	\$ 1.19	4.00	30.00	s	\$ 35.70	10,894.00	\$ 32,121.67	
\$ 1.20	9,044.00	16,519.00	s	\$ 19,822.80	\$ 1.20	11.00	52.00	s	\$ 62.40	9,055.00	\$ 19,885.20	
\$ 1.21	44,052.00	74,645.00	s	\$ 90,320.45	\$ 1.21	1,885.00	4,193.00	s	\$ 5,073.53	45,937.00	\$ 95,393.98	
\$ 1.25	61,789.00	179,219.00	s	\$ 224,023.75	\$ 1.25	483.00	817.00	s	\$ 1,021.25	62,272.00	\$ 225,045.00	
\$ 1.25	10,100.00	16,434.00	s	\$ 20,542.50	\$ 1.25	265.00	442.00	s	\$ 552.50	10,365.00	\$ 21,095.00	
\$ 1.25	12,291.00	41,716.00	s	\$ 52,145.00	\$ 1.25	1.00	22.00	s	\$ 27.50	12,292.00	\$ 52,172.50	
\$ 1.30	20,247.00	39,317.00	s	\$ 51,112.10	\$ 1.30	47.00	216.00	s	\$ 280.80	20,294.00	\$ 51,392.90	
\$ 1.31	9,248.00	16,704.00	s	\$ 21,882.24	\$ 1.31	278.00	546.00	s	\$ 715.26	9,526.00	\$ 22,597.50	
\$ 1.32	31,213.00	46,293.00	c	\$ 41,201.16	\$ 1.32	879.00	1,599.00	c	\$ 1,160.28	32,092.00	\$ 42,361.44	
\$ 1.33	77,427.00	142,030.00	c	\$ 102,977.91	\$ 1.33	3,577.00	8,848.00	c	\$ 4,757.41	81,004.00	\$ 107,735.32	
\$ 1.37	76,187.00	159,719.00	s	\$ 218,815.03	\$ 1.37	4,379.00	15,961.00	s	\$ 21,866.57	80,566.00	\$ 240,681.60	
\$ 1.40	288,639.00	574,137.00	c	\$ 404,094.60	\$ 1.40	4,878.00	13,487.00	c	\$ 6,829.20	293,517.00	\$ 410,923.80	
\$ 1.42	19,662.00	39,795.00	s	\$ 56,508.90	\$ 1.42	15.00	37.00	s	\$ 52.54	19,677.00	\$ 56,561.44	
\$ 1.44	9,404.00	18,384.00	c	\$ 13,541.76	\$ 1.44	20.00	145.00	c	\$ 28.80	9,424.00	\$ 13,570.56	
\$ 1.51	24,777.00	52,561.00	c	\$ 37,413.27	\$ 1.51	849.00	3,845.00	c	\$ 1,281.99	25,626.00	\$ 38,695.26	
\$ 1.54	20,983.00	39,418.00	s	\$ 60,703.72	\$ 1.54	80.00	224.00	s	\$ 344.96	21,063.00	\$ 61,048.68	
\$ 1.60	87,664.00	150,507.00	s	\$ 240,811.20	\$ 1.60	7.00	326.00	s	\$ 521.60	87,671.00	\$ 241,332.80	
\$ 1.64	11,891.00	22,800.00	s	\$ 37,392.00	\$ 1.64	140.00	289.00	s	\$ 473.96	12,031.00	\$ 37,865.96	
\$ 1.65	35,830.00	76,794.00	c	\$ 59,119.50	\$ 1.65	23.00	68.00	c	\$ 37.95	35,853.00	\$ 59,157.45	
\$ 1.72	139,971.00	261,166.00	s	\$ 449,205.52	\$ 1.72	451.00	902.00	s	\$ 1,551.44	140,422.00	\$ 450,756.96	
\$ 1.78	60,938.00	109,148.00	s	\$ 194,283.44	\$ 1.78	1.00	54.00	s	\$ 96.12	60,939.00	\$ 194,379.56	
\$ 1.78	140,359.00	215,214.00	c	\$ 249,839.02	\$ 1.78	25,152.00	48,000.00	c	\$ 44,770.56	165,511.00	\$ 294,609.58	
\$ 1.81	50,251.00	87,397.00	c	\$ 90,954.31	\$ 1.81	5.00	71.00	c	\$ 9.05	50,256.00	\$ 90,963.36	
\$ 1.82	96,859.00	175,998.00	c	\$ 176,283.38	\$ 1.82	10,403.00	18,123.00	c	\$ 18,933.46	107,262.00	\$ 195,216.84	
\$ 1.84	21,660.66	37,225.00	s	\$ 68,494.00	\$ 1.84	111.60	240.00	s	\$ 441.60	21,772.26	\$ 68,935.60	
\$ 1.85	265,257.62	438,095.00	s	\$ 810,475.75	\$ 1.85	564.96	1,189.00	s	\$ 2,199.65	265,822.58	\$ 812,675.40	
\$ 1.88	57,916.00	131,806.00	s	\$ 247,795.28	\$ 1.88	2,905.00	3,918.00	s	\$ 7,365.84	60,821.00	\$ 255,161.12	
\$ 1.88	27,166.00	56,211.00	c	\$ 51,072.08	\$ 1.88	135.00	267.00	c	\$ 253.80	27,301.00	\$ 51,325.88	
\$ 1.88	17,431.89	29,578.00	s	\$ 55,606.64	\$ 1.88	11.10	38.00	s	\$ 71.44	17,442.99	\$ 55,678.08	

# Exhibit 1-1

\$ 1.90	49,358.00	83,818.00	s	\$ 159,254.20		\$ -	-	-		\$ -		49,358.00	\$ 159,254.20
\$ 1.91	185,373.00	334,699.00	s	\$ 639,275.09		\$ 1.91	4,271.00	6,445.00	s	\$ 12,309.95		189,644.00	\$ 651,585.04
\$ 1.95	24,810.00	38,073.00	s	\$ 74,242.35		\$ 1.95	39.00	166.00	s	\$ 323.70		24,849.00	\$ 74,566.05
\$ 1.95	16,523.00	27,918.00	s	\$ 54,440.10		\$ 1.95	39.00	99.00	s	\$ 193.05		16,562.00	\$ 54,633.15
\$ 1.96	3,391.01	6,390.00	s	\$ 12,524.40		\$ 1.96	0.01	2.73	s	\$ 0.02		3,391.02	\$ 12,524.42
\$ 2.00	11,895.00	21,986.00	s	\$ 43,972.00		\$ 2.00	8.00	33.00	s	\$ 66.00		11,903.00	\$ 44,038.00
\$ 2.05	12,220.00	68,912.00	s	\$ 141,269.60		\$ 2.05	-	186.00	s	\$ 381.30		12,220.00	\$ 141,650.90
\$ 2.07	95,345.00	216,662.00	c	\$ 197,364.15		\$ 2.07	283.00	819.00	c	\$ 585.81		95,628.00	\$ 197,949.96
\$ 2.08	266,752.00	535,819.00	c	\$ 554,844.16		\$ 2.08	4,702.00	10,609.00	c	\$ 9,780.16		271,454.00	\$ 564,624.32
\$ 2.09	10,844.34	25,399.00	s	\$ 53,083.91		\$ 2.09	2.06	23.11	s	\$ 4.31		10,846.40	\$ 53,088.22
\$ 2.10	62,530.54	94,370.64	s	\$ 198,178.34		\$ 2.10	465.81	637.39	s	\$ 1,338.52		62,996.35	\$ 199,516.86
\$ 2.15	10,986.00	20,507.00	s	\$ 44,090.05		\$ 2.15	37.00	162.00	s	\$ 348.30		11,023.00	\$ 44,438.35
\$ 2.16	56,493.63	86,049.37	s	\$ 185,866.64		\$ 2.16	5.44	10.12	s	\$ 21.86		56,499.07	\$ 185,888.50
\$ 2.25	3,395.05	6,002.90	c	\$ 7,638.86		\$ 2.25	37.97	67.78	c	\$ 85.43		3,433.02	\$ 7,724.30
\$ 2.33	896,854.23	1,562,483.58	c	\$ 2,089,670.36		\$ 3.57	85,738.68	166,889.54	s	\$ 595,795.66		982,592.91	\$ 2,685,466.01
\$ 2.35	137,162.22	251,500.00	s	\$ 591,025.00		\$ 2.35	48,586.78	75,149.00	s	\$ 176,600.15		185,749.00	\$ 767,625.15
\$ 2.37	244,976.00	621,089.00	c	\$ 580,593.12		\$ 2.37	5,045.00	7,431.00	c	\$ 11,956.65		250,021.00	\$ 592,549.77
\$ 2.50	14,757.00	25,552.95	c	\$ 36,892.50		\$ 2.50	0.90	13.89		\$ 2.25		14,757.90	\$ 36,894.75
\$ 2.75	7,267.00	25,935.63	c	\$ 19,984.25		\$ 3.57	1,630.00	3,973.77	c	\$ 5,819.10		8,897.00	\$ 25,803.35
\$ 2.75	57,483.00	99,561.00	c	\$ 158,078.25		\$ -	-	-		\$ -		57,483.00	\$ 158,078.25
\$ 2.80	57,140.98	114,618.57	c	\$ 159,994.74		\$ 2.80	505.27	880.46	c	\$ 1,414.76		57,646.25	\$ 161,409.50
\$ 3.09	108,726.00	201,709.00	c	\$ 335,963.34		\$ 3.09	8,462.00	12,547.00	c	\$ 26,147.58		117,188.00	\$ 362,110.92
\$ 3.17	78,256.39	130,558.04	s	\$ 413,868.99		\$ 3.17	924.90	4,568.00	s	\$ 14,480.56		79,181.29	\$ 428,349.55
\$ 3.24	87,503.12	155,515.08	s	\$ 503,868.86		\$ 3.24	2,657.30	13,038.00	s	\$ 42,243.12		90,160.42	\$ 546,111.98
\$ 3.40	229,041.61	364,608.66	c	\$ 778,741.47		\$ 3.40	32,800.41	47,975.65	c	\$ 111,521.39		261,842.02	\$ 890,262.87
subtotal:	5,964,143.29	11,189,638.42		14,125,292.03			303,441.78	573,051.88		1,178,051.37		6,267,585.07	15,303,343.40
rate				\$ 2.37						\$ 3.88			\$ 2.44
	additional cost												
	paid providers			\$ 5,116,473.81						\$ 7,245.47			\$ 5,123,719.28
	total cost			\$ 19,241,765.84						\$ 1,185,296.84			\$ 20,427,062.68
	Rate			\$ 3.23						\$ 3.91		trs rate	\$ 3.2592
												outreach	\$ 1.1310
												sts rate	\$ 4.3902

## Exhibit 1-2

CTS Data

rate	Conversation Minutes	Session Minutes	session or conversation	revenue
\$ 1.59	20,928.00	26,519.00	s	\$ 42,165.21
\$ 1.60	134,105.00	153,760.00	s	\$ 246,016.00
\$ 1.61	128,887.00	151,867.00	s	\$ 244,505.87
\$ 1.63	755,059.00	887,232.00	s	\$ 1,446,188.16
\$ 1.63	59,631.00	66,836.00	s	\$ 108,942.68
\$ 1.64	736,950.00	856,564.00	s	\$ 1,404,764.96
\$ 1.64	412,208.86	474,478.00	s	\$ 778,143.92
\$ 1.65	28,024.00	29,655.00	s	\$ 48,930.75
\$ 1.65	40,697.00	46,472.00	s	\$ 76,678.80
\$ 1.66	32,210.00	38,256.00	s	\$ 63,504.96
\$ 1.66	78,634.00	89,779.00	s	\$ 149,033.14
\$ 1.67	368,934.00	430,977.00	s	\$ 719,731.59
\$ 1.68	23,925.00	28,025.00	s	\$ 47,082.00
\$ 1.69	557,492.00	646,692.00	s	\$ 1,092,909.48
\$ 1.69	550,458.00	644,222.00	s	\$ 1,088,735.18
\$ 1.69	391,449.19	453,621.00	s	\$ 766,619.49
\$ 1.69	430,627.00	514,454.00	s	\$ 869,427.26
\$ 1.69	34,071.00	41,200.00	s	\$ 69,628.00
\$ 1.70	10,514.00	13,652.00	s	\$ 23,208.40
\$ 1.70	31,232.00	37,951.00	s	\$ 64,516.70
\$ 1.71	2,234.00	3,135.00	s	\$ 5,360.85
\$ 1.71	63,406.00	72,543.00	s	\$ 124,048.53
\$ 1.72	238,615.00	282,280.00	s	\$ 485,521.60
\$ 1.72	217,799.00	248,838.00	s	\$ 428,001.36
\$ 1.73	153,775.00	176,984.00	s	\$ 306,182.32
\$ 1.73	22,180.00	26,399.00	s	\$ 45,670.27
\$ 1.74	962.51	973.00	s	\$ 1,693.02
\$ 1.75	123,948.00	142,684.00	s	\$ 249,697.00
\$ 1.77	44,141.75	52,894.00	s	\$ 93,622.38
\$ 1.77	33,956.00	39,728.00	s	\$ 70,318.56
\$ 1.78	111,804.00	130,610.00	s	\$ 232,485.80
\$ 1.78	23,721.00	29,311.00	s	\$ 52,173.58
\$ 1.78	35,370.00	42,857.00	s	\$ 76,285.46
\$ 1.78	26,093.00	31,398.00	s	\$ 55,888.44
\$ 1.79	546,452.00	639,736.00	c	\$ 978,149.08
\$ 1.80	6,575.30	7,790.36	s	\$ 14,022.65
\$ 1.80	88,356.51	103,706.28	s	\$ 186,671.30
\$ 1.80	109,633.00	130,636.00	s	\$ 235,144.80
\$ 1.80	34,318.32	41,352.00	s	\$ 74,433.60
\$ 1.82	56,387.00	64,995.00	c	\$ 102,624.34
\$ 1.82	41,485.00	49,860.00	c	\$ 75,502.70
\$ 1.83	348,774.29	396,478.42	s	\$ 725,555.51
\$ 1.84	664,439.00	732,067.00	c	\$ 1,222,567.76
\$ 1.85	247,261.32	300,904.30	c	\$ 457,433.44



## Exhibit 1-2

\$ 1.85	109,580.00	130,511.00	s	\$ 241,445.35
\$ 1.85	39,302.00	47,071.00	c	\$ 72,708.70
\$ 1.86	167,302.00	187,434.00	c	\$ 311,181.72
\$ 1.86	114,789.50	131,786.00	s	\$ 245,121.96
\$ 1.89	167,453.00	192,435.00	c	\$ 316,486.17
\$ 1.89	586,032.00	673,565.00	c	\$ 1,107,600.48
\$ 1.90	431,749.00	489,854.00	c	\$ 820,323.10
\$ 1.91	106,023.20	122,741.00	s	\$ 234,435.31
\$ 1.91	464,834.00	551,451.00	c	\$ 887,832.94
\$ 1.92	86,805.00	104,280.00	c	\$ 166,665.60
\$ 1.93	56,298.00	67,624.32	c	\$ 108,655.14
\$ 1.94	497,295.00	579,639.00	c	\$ 964,752.30
\$ 1.95	116,986.00	140,743.00	c	\$ 228,122.70
\$ 1.95	285,078.00	330,075.00	c	\$ 555,902.10
\$ 1.97	135,161.56	156,401.00	s	\$ 308,109.97
\$ 1.97	432,369.00	514,358.00	s	\$ 1,013,285.26
\$ 1.97	761,972.00	886,823.00	c	\$ 1,501,084.84
\$ 1.98	48,230.00	55,791.00	c	\$ 95,495.40
\$ 1.99	254,613.00	293,189.00	c	\$ 506,679.87
\$ 2.00	1,441,977.10	1,697,581.32	c	\$ 2,883,954.20
\$ 2.01	48,101.00	56,931.00	c	\$ 96,683.01
\$ 2.04	243,705.00	284,441.00	s	\$ 580,259.64
\$ 2.08	297,499.98	352,667.00	s	\$ 733,547.36
\$ 2.15	141,779.34	173,994.81	s	\$ 374,088.84
\$ 2.22	25,552.00	29,231.39	c	\$ 56,725.44
\$ 2.75	5,043.16	6,776.00	s	\$ 18,634.00
	15,133,252.89	17,637,765.20		\$ 30,079,568.30
				\$ 1.99

additional cost

paid providers

\$ 197,913.84

total cost

\$ 30,277,482.14

Rate

\$ 2.0007

### Exhibit 1-3

IP CTS Reported and Projected Cost and Demand									
Category	As reported in 2012	As reported in 2013	As reported in 2014	As reported in 2015	As reported in 2016	As reported in 2017	As reported in 2018	projected for 2018-19	
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Facilities	\$ 0.0095	\$ 0.0307	\$ 0.0619	\$ 0.0501	\$ 0.0386	\$0.0322	\$ 0.0249	\$ 0.0252	\$ 0.0243
CA Related	\$ 0.0616	\$ 0.2225	\$ 0.3828	\$ 0.2796	\$ 0.2819	\$0.2674	\$ 0.2771	\$ 0.3160	\$ 0.3231
Non-CA Relay									
Center	\$ 0.0326	\$ 0.0670	\$ 0.0620	\$ 0.0601	\$ 0.0559	\$0.0487	\$ 0.0500	\$ 0.0521	\$ 0.0513
Indirect	\$ 0.2983	\$ 0.2200	\$ 0.3080	\$ 0.3547	\$ 0.2830	\$0.1521	\$ 0.1487	\$ 0.1626	\$ 0.1518
Depreciation	\$ 0.0553	\$ 0.0617	\$ 0.0675	\$ 0.0549	\$ 0.0402	\$0.0276	\$ 0.0254	\$ 0.0259	\$ 0.0285
Marketing	\$ 0.2103	\$ 0.1435	\$ 0.1344	\$ 0.0738	\$ 0.0579	\$0.0757	\$ 0.0869	\$ 0.0879	\$ 0.1028
Outreach	\$ 0.1087	\$ 0.1206	\$ 0.1405	\$ 0.0935	\$ 0.0903	\$0.0669	\$ 0.0466	\$ 0.0543	\$ 0.0494
Other	\$ 1.2818	\$ 0.8278	\$ 0.8211	\$ 0.7261	\$ 0.6259	\$0.5986	\$ 0.5730	\$ 0.5932	\$ 0.5771
Return on Investment	\$ 0.0259	\$ 0.0257	\$ 0.0175	\$ 0.0242	\$ 0.0124	\$0.0106	\$ 0.0109	\$ 0.0100	\$ 0.0091
Average Variable Cost	\$ 1.3760	\$ 1.1173	\$ 1.2659	\$ 1.0658	\$ 0.9638	\$ 0.9147	\$ 0.9000	\$ 0.9613	\$ 0.9516
Average Fixed Cost	\$ 0.7080	\$ 0.6022	\$ 0.7298	\$ 0.6513	\$ 0.5225	\$ 0.3651	\$ 0.3435	\$ 0.3659	\$ 0.3659
Total Reported Cost	\$ 2.0840	\$ 1.7195	\$ 1.9957	\$ 1.7171	\$ 1.4863	\$ 1.2798	\$ 1.2435	\$ 1.3272	\$ 1.3175
MARS Rate for the period	\$ 1.7630	\$ 1.7730	\$ 1.7877	\$ 1.8205	\$ 1.8895	\$ 1.9058	\$ 1.9467	\$ 2.0007	
Average Cost Rate						\$ 1.2798	1.2459	\$ 1.3223	
CTS Minutes	30,461,485.0	29,857,501.6	29,578,660.4	26,321,379.5	22,214,101.1	17,706,054.1	15,133,252.9	N/A	N/A
IP CTS Minutes				122,837,131.3	193,039,199.5	267,164,769.0	362,379,714.0	464,083,134.0	589,306,126.0
Providers included in the cost data	Sorenson Sprint Hamilton	Sorenson Sprint Hamilton	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom	Sorenson Sprint Hamilton Purple Miracom

## Exhibit 1-3.1 REDACTED

Estimates for Tariff Year 2018-2019 Based on a MARS rate of \$2.0007

### Without Sorenson License Fee

Provider	minutes July 2018 - June 2019	revenue	revenue requirement	Profit	Expenses	Operating margin
total	521,149,600	\$ 1,042,664,003.39	\$ 695,533,857.97	\$ 347,130,145.42	\$ 690,532,854.21	34%

### With Sorenson License Fee

Provider	minutes July 2018 - June 2019	Revenue	Revenue Requirement	Profit	Expenses	Operating margin
total	521,149,600	\$ 1,042,664,002.37				

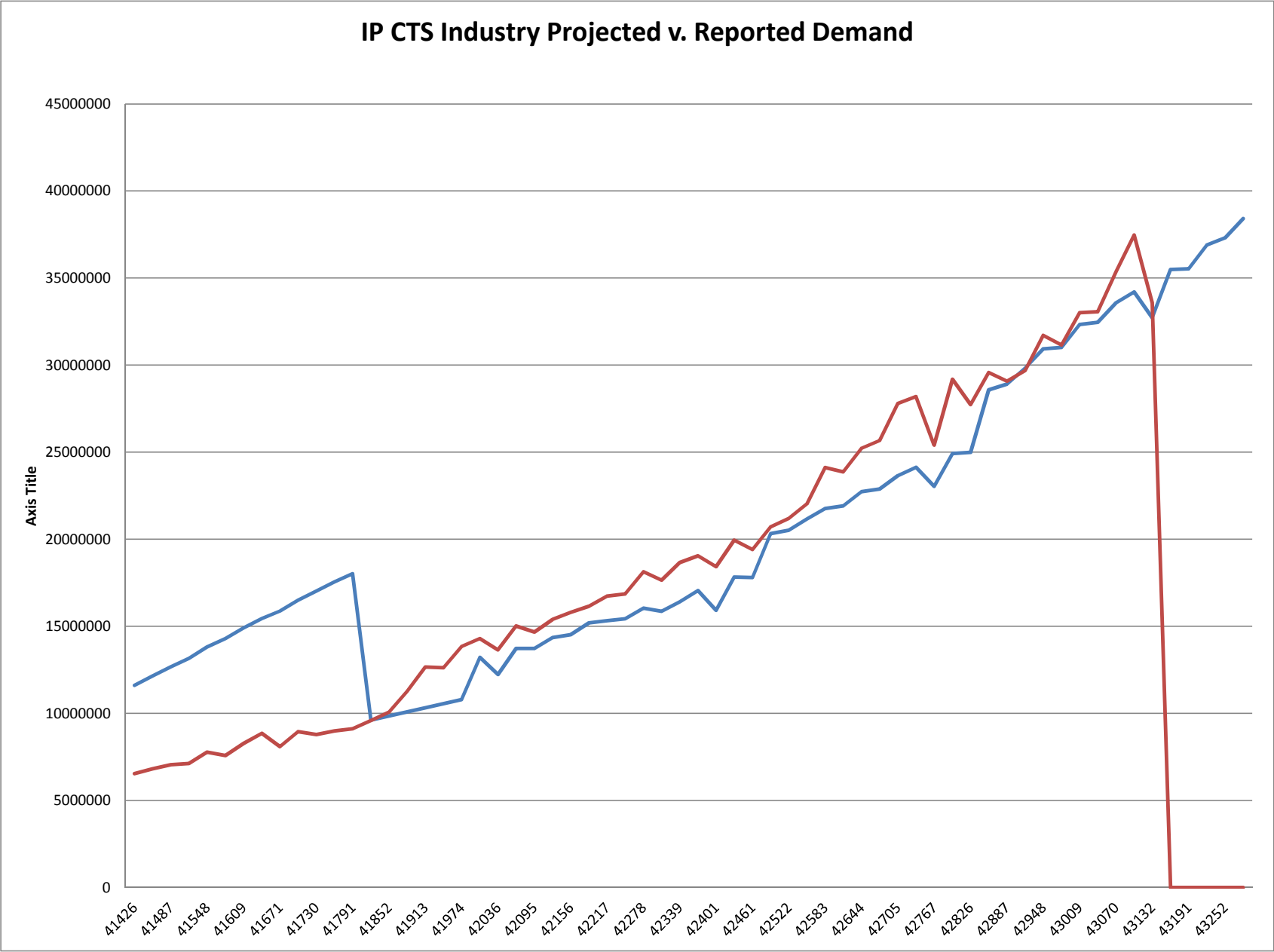
## Exhibit 1-3.2

### IP CTS Cost Trend Data

Category	2014	2015	2016	2017	2018	2019	4 yr avg
Facilities	\$ 0.0501	\$ 0.0386	\$0.0322	\$ 0.0249	\$ 0.0252	\$ 0.0243	\$0.0267
CA Related	\$ 0.2796	\$ 0.2819	\$0.2674	\$ 0.2771	\$ 0.3160	\$ 0.3231	\$ 0.2959
Non-CA Related	\$ 0.0601	\$ 0.0559	\$0.0487	\$ 0.0500	\$ 0.0521	\$ 0.0513	\$0.0505
Indirect	\$ 0.3547	\$ 0.2830	\$0.1521	\$ 0.1487	\$ 0.1626	\$ 0.1518	\$0.1538
Depreciation	\$ 0.0549	\$ 0.0402	\$0.0276	\$ 0.0254	\$ 0.0259	\$ 0.0285	\$0.0268
Marketing	\$ 0.0738	\$ 0.0579	\$0.0757	\$ 0.0869	\$ 0.0879	\$ 0.1028	\$0.0883
Outreach	\$ 0.0935	\$ 0.0903	\$0.0669	\$ 0.0466	\$ 0.0543	\$ 0.0494	\$0.0543
Other	\$ 0.7261	\$ 0.6259	\$0.5986	\$ 0.5730	\$ 0.5932	\$ 0.5771	\$0.5855
Return	\$ 0.0242	\$ 0.0124	\$0.0106	\$ 0.0109	\$ 0.0100	\$ 0.0091	\$0.0101
Total Cost	\$1.7171	\$1.4863	\$1.2798	\$1.2435	\$1.3272	\$1.3175	\$1.2920
CA & Other Related	1.0658	0.9638	0.9147	0.9000	0.9613	0.9516	0.9319
All Other	0.6513	0.5225	0.3651	0.3435	0.3659	0.3659	0.3601
Variable total:	1.7171	1.4863	1.2798	1.2435	1.3272	1.3175	1.2920

2018-2019 exclude  
Sorenson license fee

Exhibit 1-4



## Exhibit 2

PROJECTED 2018-2019		Prior Year Demand balance (May & June)	May & June of Prior year Rate	Projected Demand	Projected Rate	Projected Requirement	Fund Requirement
	Methodology						
Traditional TRS	MARS	292,498	\$ 2.9186	1,400,423	\$ 3.2592	\$ 5,417,943	
Speech to Speech	MARS	26,472	\$ 2.9186	138,087	\$ 3.2592	\$ 527,313	
STS outreach		26,472	\$ 1.1310	138,087	\$ 1.1310	\$ 186,116	
Caption Telephone	MARS	685,666	\$ 1.9467	3,212,013.60	\$ 2.0007	\$ 7,761,061	
IP Caption Telephone	MARS	75,374,059	\$ 1.9467	425,837,980	\$ 2.0007	\$ 998,704,729	
Subtotal MARS: (Minutes & Value)				507,131,757			\$ 1,012,597,162
IP Relay 5/2017 & 6/2017	DA 16-750	962,313.46	\$ 1.3350			1,284,688	
IP Relay 7/2018 to 4/2019	DA 17-642			4,836,836	\$ 1.3600	\$ 6,578,098	
Subtotal Price Cap: (Minutes & Value)				5,799,150			\$ 7,862,786
Tier I small Companies [May -June 2018]	FCC 17-86	766,498	\$ 5.2900			\$ 4,054,773	
Tier I small Companies [July - April 2019]	FCC 17-86			4,081,205	\$ 5.29	\$ 21,589,576	
Tier 1 [May & June 2018]	FCC 17-86	5,790,073	\$ 4.8200			\$ 27,908,150	
Tier 1 [July - April 2019]	FCC 17-86			29,672,732	\$ 4.82	\$ 143,022,569	
Tier 2 [May & June 2018]	FCC 17-86	3,417,136	\$ 3.9700			\$ 13,566,029	
Tier 2 [July - April 2019]	FCC 17-86			16,448,126	\$ 3.97	\$ 65,299,061	
Tier 3 [May & June 2018]	FCC 17-86	12,226,035	\$ 3.2100			\$ 39,245,572	
Tier 3 [July - April 2019]	FCC 17-86			63,723,339	\$ 2.83	\$ 180,337,049	
						\$ -	
						\$ -	
						\$ -	
Subtotal VRS: (Minutes & Value)		21,433,243		109,844,197			\$ 495,022,778
Projected Provider Payments (Minutes & Value)				131,277,440			\$ 1,515,482,726
Deaf Blind Equipment Distribution Program							\$ 10,000,000
TRS Research							\$ 8,650,000
iTRS National Outreach Program							\$ 2,000,000
URD implementation							\$ 1,600,000
Service Provider Audits							\$ 1,000,000
**TRS Fund Administration							\$ 2,400,000
iTRS Number Administration							\$ 1,005,000
Investment Fees							\$ 190,000
Data Collection Agent							\$ 88,800
independent financial audit							\$ 65,000
Bankruptcy / legal representation							\$ 50,000
Council Meeting Expenses							\$ 50,000
IPERA Plan & testing							\$ 250,000
Two Average month provider Payment Reserve							\$ 252,580,000
Non-Provider Subtotal:							\$ 279,928,800
Grand Total Requirements:							\$ 1,795,411,526
estimated fund balance at 6/30/2017							\$172,187,810
estimated interest on fund investments							\$ 1,200,000
Net Fund Requirements:							\$ 1,622,023,716
*Estimated Contribution Basis:							\$ 53,467,309,359
Assessment Rate:							0.0303%

### Exhibit 3

qry-Show-Base-Revenue-Figures-Contributions		
Year begins	Base	
2004	\$81,954,191,760.72	
2005	\$80,666,621,323.77	
2006	\$80,457,972,601.73	
2007	\$77,898,078,806.14	
2008	\$79,428,092,243.17	
2009	\$78,895,806,171.06	
2010	\$72,844,997,815.67	
2011	\$69,450,220,823.19	
2012	\$67,206,226,972.74	
2013	\$67,278,109,559.79	
2014	\$65,234,609,106.58	
2015	\$64,234,609,107.00	
2016	\$61,424,575,347.80	
2017	\$57,828,807,840.52	@ 3/20/2018
2018	\$53,467,309,359.00	@ 92.5% of 2017

# Exhibit 4

## 2017 - 2018 Program year Contribution Base monthly changes

For period ended	Amount	Change from prior period	contribution factor	Invoiced Fund Revenue	Change from prior period
per original budget	\$58,034,785,511		0.02289	\$ 1,328,416,240.35	
7/31/2017	\$ 58,029,470,628.08	\$ (5,314,882.92)	0.02289	\$ 1,328,294,582.68	\$ (121,657.67)
8/31/2017	\$ 58,026,808,964.17	\$ (2,661,663.91)	0.02289	\$ 1,328,233,657.19	\$ (60,925.49)
9/30/2017	\$ 58,016,658,797.31	\$ (10,150,166.86)	0.02289	\$ 1,328,001,319.87	\$ (232,337.32)
10/31/2017	\$ 57,836,504,927.52	\$ (180,153,869.79)	0.02289	\$ 1,323,877,597.79	\$ (4,123,722.08)
11/30/2017	\$ 57,836,808,986.04	\$ 304,058.52	0.02289	\$ 1,323,884,557.69	\$ 6,959.90
12/31/2017	\$ 57,845,873,448.08	\$ 9,064,462.04	0.02289	\$ 1,324,092,043.23	\$ 207,485.54
1/31/2018	\$ 57,847,984,544.41	\$ 2,111,096.33	0.02289	\$ 1,324,140,366.22	\$ 48,322.99
2/28/2018	\$ 57,846,931,104.34	\$ (1,053,440.07)	0.02289	\$ 1,324,116,252.98	\$ (24,113.24)
3/31/2018	\$ 57,833,269,997.21	\$ (13,661,107.13)	0.02289	\$ 1,323,803,550.24	\$ (312,702.74)
4/30/2018	\$ 57,828,807,840.52	\$ (4,462,156.69)	0.02289	\$ 1,323,701,411.47	\$ (102,138.77)
5/31/2018	\$ 57,804,889,527.77	\$ (23,918,312.75)	0.02289	\$ 1,323,153,921.29	\$ (547,490.18)
YTD Erosion:				\$	(5,262,319.06)